



Michigan Department of State
Bureau of Elections
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CANDIDATE COMMITTEE

MANUAL

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INTRODUCTION

Michigan's Campaign Finance Act, P.A. 388 of 1976, as amended, promotes the public disclosure of political contributions and expenditures. The Secretary of State and the county clerks seek disclosure through voluntary compliance with the requirements of the Act. This manual explains the obligations "candidates" must meet under the Act.

If you have questions, do not hesitate to seek assistance from the Department of State's Bureau of Elections in Lansing. Possible violations can be avoided with early advice and use of instructional materials provided by the Department. When seeking specific legal advice, always rely on the Act and the Rules promulgated to administer the Act.

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THE STATEMENT OF ORGANIZATION

As soon as a person becomes a "candidate" under the Act (see definition below), he or she is required to form and register a Candidate Committee.

- A candidate registers a Candidate Committee by filing a Statement of Organization with his or her filing official.
- After the committee is registered, Campaign Statements are filed periodically to disclose the committee's campaign finance activity.

DEFINITION OF "CANDIDATE"

An individual becomes a candidate under the Act as soon as he or she:

- files a fee, Affidavit of Incumbency or nominating petition for an elective office; **OR**
- is nominated as a candidate for elective office by a political party convention or caucus and certified to the appropriate filing official; **OR**
- receives a contribution or makes an expenditure in an attempt to be nominated or elected to office; **OR**
- gives consent to someone else to receive a contribution or make an expenditure in an attempt to be nominated or elected to office.

A person who is an officeholder who is the subject of a recall vote is a candidate. For the purposes of the Campaign Finance Act, an elected officeholder is considered to be a candidate for reelection to that same office unless the officeholder is constitutionally or legally barred from seeking reelection or fails to file for reelection to that office by the applicable filing deadline.

A person appointed to an elective office is not a candidate under the Act until he or she meets the above definition or is the subject of a recall election. A person who is the subject of a recall is a candidate and may make expenditures from his or her Candidate Committee to oppose the recall.

A person nominated at a primary through write-in votes that has not received or spent any funds in order to be elected becomes a candidate under the Act five days after the Board of Canvassers certifies the nomination.

A person elected to office at an election through write-in votes that has not received or spent any funds in order to be elected becomes a candidate under the Act on the date the election is certified.

An individual who receives a contribution, makes an expenditure, or gives consent for another person to receive a contribution or make an expenditure for the purpose of seeking write-in votes at an election is a candidate as soon as he or she receives the contribution or makes the expenditure or gives consent to the other person to receive the contribution or make the expenditure.

There is no provision in Michigan election law or in the Campaign Finance Act for "testing the waters." A person who spends or receives money to "test the waters" for a Michigan elective

office becomes a candidate as soon as he or she spends or receives money or authorizes any one else to spend or receive money.

An officeholder who is term-limited is no longer a candidate for that office and therefore can no longer make campaign related expenditures from his or her Candidate Committee account for that office.

CANDIDATES COVERED BY THE ACT

Candidates seeking state, judicial, county, city, township, village and certain school offices in Michigan must meet the disclosure obligations provided under Michigan's Campaign Finance Act. A state, judicial or local candidate must meet the disclosure requirements of the Act even if he or she uses personal funds to campaign; does not receive or spend any funds when seeking office; or is running a write-in campaign.

Where to File

COMMITTEES FILING WITH COUNTY CLERKS

LOCAL CANDIDATE COMMITTEES

- County
- City
- Township
- Village
- Public School Board
- Community College Board

COMMITTEES FILING WITH THE DEPARTMENT OF STATE'S BUREAU OF ELECTIONS

JUDICIAL CANDIDATES

- Michigan Supreme Court
- Court of Appeals
- Circuit Courts
- District Courts
- Probate Courts
- Municipal Courts

STATE-LEVEL CANDIDATES

- Governor
- Lt. Governor
- Secretary of State
- Attorney General
- State Senate
- State Representative
- State Board of Education
- University of Michigan Regents
- Michigan State University Trustees
- Wayne State University Governors

Candidates running for federal office are subject to federal campaign finance disclosure laws. Information on the federal campaign finance disclosure laws can be obtained from the Federal Election Commission (FEC). Contact information for the FEC can be found in Appendix N, Other Reference Contact Information.

CANDIDATES EXEMPTED FROM FILING REQUIREMENTS

A candidate who seeks a **precinct delegate** position is not subject to the filing requirements of the Campaign Finance Act. As a consequence, candidates for precinct delegate positions are **not** required to file a Statement of Organization or Campaign Statements.

A candidate who seeks a school board seat may not be subject to the filing requirements of the Campaign Finance Act if he or she meets the following conditions:

- the school district in which the office is being sought has a pupil membership count of 2,400 or less; **and**
- the Candidate Committee of that candidate receives or expends \$1,000.00 or less in the election.

The candidate must still include proper identification on printed and broadcast materials related to the election as required in Section 47 of the Act, and may not accept contributions from any source that is prohibited from giving to other Candidate Committees such as corporations, labor unions, Indian tribes, persons holding a 1% or greater interest in a Detroit casino, public bodies or Ballot Question Committees.

If the candidate spends or receives more than \$1,000.00, or if the pupil membership exceeds 2,400 on the most recent pupil membership count day, the candidate must file a Statement of Organization and meet the filing requirements of the Act.

A candidate who determines that he or she is required to file under the Campaign Finance Act should contact the county clerk immediately for filing information and forms.

A candidate whose school district crosses county boundaries should contact the clerk of the county in which the greatest number of voters eligible to vote in the school district's elections reside.

DEFINITION OF "CANDIDATE COMMITTEE"

"Candidate Committee" means the committee designated in a candidate's filed Statement of Organization as that individual's Candidate Committee. A Candidate Committee is under the control and direction of the candidate named in the Statement of Organization. An individual who becomes a candidate is required by Section 3(2) of the Campaign Finance Act to form a Candidate Committee.

While a depository must be listed on the Statement of Organization, an account does not have to be opened at the designated bank, savings and loan association or credit union until a contribution is accepted. Consequently, a candidate who never accepts a contribution is not required to open an account in his or her designated depository. If the candidate is making all expenditures from personal funds, the bank, credit union or savings and loan association where the personal account is located is to be indicated on the Statement of Organization as the

committee depository. See Appendix A for more information on the committee's official depository.

A CANDIDATE MAY HAVE ONLY ONE COMMITTEE FOR EACH OFFICE SOUGHT.

As soon as a person becomes a "candidate" under Michigan's Campaign Finance Act, he or she has **ten (10) calendar days to form a Candidate Committee**. After the committee's formation date the candidate has **ten (10) additional calendar days to register the committee**. To register the committee files a Statement of Organization. Statement of Organization forms can be obtained from the Department of State's Bureau of Elections in Lansing, from any county clerk or the Secretary of State's website on the Internet.

The form lists the name of the Candidate Committee, the treasurer's name and address, the name and address of the person responsible for the committee's records and filings (if these responsibilities will be handled by someone other than the treasurer), the depository where committee funds will be kept and other related information.

The information contained on the Statement of Organization must be kept up-to-date. If information listed on the form changes, an amendment must be filed as explained below under "Keeping the Committee's Statement of Organization Up-To-Date."

KEEPING THE COMMITTEE'S STATEMENT OF ORGANIZATION UP-TO-DATE

The committee is required to amend its Statement of Organization if any information presented on the form changes. Statement of Organization amendments must be filed no later than the due date of the next upcoming Campaign Statement required of the committee. A committee is free to file required Statement of Organization amendments earlier if desired.

The candidate and the committee treasurer serving at the time the change took place must sign Statement of Organization amendments.

WHEN A CANDIDATE COMMITTEE CAN BE USED TO SEEK A SECOND OFFICE

The following describes when a Candidate Committee can be used to seek a second office. The term "state elective office" is used to mean the office of governor, lieutenant governor, state senator, state representative, secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee and Wayne State University governor.

- A candidate for a local office (village, township, city, school or county) **can** use his or her Candidate Committee to seek a second local office **if** the contribution limit for the new office is the same or greater than the contribution limit for the former office.
- A local candidate who wishes to seek election to a state elective office must register a separate Candidate Committee with the Bureau of Elections to seek the office. If the

contribution limit for the local office was greater than the contribution limit for the state office, the candidate may **not** transfer unexpended funds from the local committee account to the state committee account.

- A state elective officeholder **cannot** use his or her Candidate Committee to seek another office. A candidate for a state elective office who wishes to seek election to another state elective office, to a local office, or to a judicial office must register a separate Candidate Committee to seek the office. If the contribution limit for the new office is the same or greater than the contribution limit for the previous state office, the candidate may transfer unexpended funds from the Candidate Committee account for the old office to the new committee's account.
- A candidate for a judicial office **can** use his or her judicial Candidate Committee to seek another judicial office if the contribution limit for the new office is the same or greater than the contribution limit for the previous office. A judicial officeholder **cannot** use his or her judicial Candidate Committee to seek election to a state office. A judicial officeholder who wishes to seek election to a state elective office must register a separate Candidate Committee to seek the office. If the contribution limit for the new office is the same or greater than the contribution limit for the previous office, unexpended funds may be transferred to the new committee account. (However, judicial candidates are not permitted to retain any funds from a previous campaign in the committee account. Please refer to the Judicial Canons administered by the Michigan State Bar Association for additional information regarding candidacy for judicial office.)
- A term-limited officeholder must form a new committee to seek election to any other office and may transfer unexpended funds to the new committee account if the contribution limit for the new office is the same or greater than the contribution limit for the previous office. However, if the transferred funds were received subsequent to the general election in which the officeholder was last elected, the funds must be allocated to the contributors who originally made the contributions. The date of the transfer is used as the date of contribution and the amount of the allocated transfer counts against the contributor's contribution limit to the new office.

CAMPAIGN FINANCE DISCLOSURE REQUIREMENTS

CAMPAIGN STATEMENTS

A committee discloses its campaign finances on Campaign Statements. A Campaign Statement consists of a cover page, a series of schedules that itemize the committee's receipts, expenditures and debts, a Summary Page and a special purpose schedule that details fundraisers held by the committee. Campaign Statement forms and instructions can be obtained from the Department of State's Bureau of Elections in Lansing, any county clerk or the Secretary of State's website on the Internet.

A committee that does not expect to receive or spend more than \$1,000.00 for any election can obtain a Reporting Waiver by checking Item 10 on its Statement of Organization. A committee that maintains a Reporting Waiver is exempt from filing Campaign Statements. The Reporting Waiver is explained in Appendix C, The Reporting Waiver.

When Campaign Statements Are Required

The Candidate Committee of a candidate whose name appears on a ballot for an election must file a Pre-Election Campaign Statement **and** a Post-Election Campaign Statement for each election in which the candidate seeks nomination or election. If an individual becomes a candidate after the closing date for the Pre-Election Campaign Statement, only the Post-Election Campaign Statement is required for that election.

An "election" is defined as a primary, general, special or school election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. The Primary and the General are separate elections. A recall is also an election. In addition to Pre- and Post-Election Campaign Statements, an Annual Campaign Statement must be filed by January 31 each year. Exceptions to the filing requirements are explained under "The Reporting Waiver" and "Annual Campaign Statement Filing Exemptions."

Campaign Statement Closing Dates, Due Dates And Coverage Periods

Pre-Election, Post-Election and Annual Campaign Statements have specific closing dates, due dates and coverage periods as detailed below.

<u>Type of Statement</u>	<u>Closing Date of Statement</u>	<u>Statement Due Date</u>
Pre - Election Campaign Statement	16 days before election	11 days before election
Post - Election Campaign Statement	20 days after election	30 days after election
Annual Campaign Statement	December 31	January 31
Pre-Convention Campaign Statement	16 days before convention	11 days before convention
Post-Convention Campaign Statement	20 days after convention	30 days after convention

The first Campaign Statement filed by a committee "opens" on the day the Candidate Committee formed and extends through the "closing date" of the Statement that is due. Subsequent

Campaign Statements "open" on the day after the last day covered by the previous Campaign Statement filed by the committee and extend through the "closing date" of the Statement that is due. The Campaign Statement that is due begins where the last Campaign Statement filed left off; therefore, an Annual Campaign Statement will not cover the entire year unless the committee did not make Campaign Statement filings for an election during the previous year.

Annual Campaign Statement Filing Exemptions

The Act exempts certain Candidate Committees from filing an Annual Campaign Statement. As provided under the exemptions, an Annual Campaign Statement is not required of the following:

- The Candidate Committee of an incumbent judge.
- The Candidate Committee of an officeholder whose salary is less than \$100.00 a month. (To be eligible for this exemption, the committee must not have received any contributions or made any expenditures during the period of time covered by the Annual Campaign Statement.)
- A Candidate Committee that files a Post-General Campaign Statement due between December 1 and January 30. The requirement to file the Annual Campaign Statement that is due on January 31 immediately following the Post-General due date is waived. The Candidate Committee is, however, required to file all subsequent Annual Campaign Statements.
- A Candidate Committee that has a Reporting Waiver is not required to file Annual Campaign Statements as long as it maintains the Reporting Waiver.

Given the above exemptions, a Candidate Committee of a former officeholder who leaves office without a Reporting Waiver, must file an Annual Campaign Statement each year until the committee is officially dissolved.

LATE FILING FEES SCHEDULES

The chart below is designed to inform the user of the late filing fees to be assessed for the late filing of Campaign Statements and reports required to be filed pursuant to the Michigan Campaign Finance Act, MCL 169.202 through 169.282, as amended.

Statement Of Organization Late Filing Fees (All Committees, State And Local) Section 24(1)
The late filing fee for a late-filed original Statement of Organization is \$10.00 per business day not to exceed \$300.00.

Late Contribution Report Late Filing Fees (All Committees, State And Local) Section 32(4)
A committee, candidate, treasurer or designated record keeper who fails to report a late contribution as required by Section 32(1) shall pay a late filing fee that shall not exceed \$2,000.00, determined as follows:

- (a) \$25.00 for each business day the report remains un-filed.
- (b) An additional \$25.00 for each business day after the first 3 business days the report remains un-filed.
- (c) An additional \$50.00 for each business day after the first 10 business days the report remains un-filed.

The filing official must assess a \$25.00 late filing fee for the first 3 business days that a

statement remains un-filed; a \$50.00 (\$25.00 + \$25.00) late filing fee for the 4th through the 10th business days that the statement remains un-filed; and a \$100.00 (\$25.00 + \$25.00 + \$50.00) late filing fee for the 11th through 26th business days that a statement remains un-filed. The \$2,000.00 maximum late filing fee will have been reached at that point.

Annual Campaign Statement Late Filing Fees (Local Candidate Committee) Section 35(3)

A committee, candidate, treasurer, or designated record keeper filing for a local candidate committee, who fails to file an Annual Campaign Statement, shall pay a late filing fee of \$25.00 for each business day the statement remains un-filed. The late filing fee shall not exceed \$500.00.

Annual Campaign Statement Late Filing Fees (Judicial Or State Level Candidate Committees)

Section 35(3) If the committee has raised \$10,000.00 or less during the previous 2 years, the late filing fee shall be \$25.00 for each business day the Campaign Statement remains un-filed, but not to exceed \$500.00.

If the committee has raised more than \$10,000.00 during the previous 2 years, the late filing fee shall be \$50.00 for each business day the Campaign Statement remains un-filed, but not to exceed \$1,000.00.

Pursuant to Act No. 75, Public Acts of 2000, beginning with the Annual Campaign Statement due on January 31, 2002, and for each Annual Campaign Statement filed thereafter by a candidate for state elective office or a judicial office, the late filing fee for the Annual Campaign Statement shall be paid by the candidate and the candidate shall not use committee funds to pay that fee.

Pre-Election Or Post-Election Campaign Statement Late Filing Fees (State, Local Or Judicial Candidate Committee) Section 33(7)

- If the committee has raised \$10,000.00 or less during the previous 2 years, the late filing fee shall be \$25.00 for each business day the statement remains un-filed, but not to exceed \$500.00.
- If the committee has raised more than \$10,000.00 during the previous 2 years, the late filing fee shall not exceed \$1,000.00, determined as follows:
 - (a) Twenty-five dollars for each business day the report remains un-filed.
 - (b) An additional \$25.00 for each business day after the first 3 business days the report remains un-filed.
 - (c) An additional \$50.00 for each business day after the first 10 business days the report remains un-filed.

The filing official must assess a \$25.00 late filing fee for the first 3 business days that a statement remains un-filed; a \$50.00 (\$25.00 + \$25.00) late filing fee for the 4th through the 10th business days that the statement remains un-filed; and a \$100.00 (\$25.00 + \$25.00 + \$50.00) late filing fee for the 11th through 16th business days that a statement remains un-filed. The \$1,000.00 maximum late filing fee will have been reached at that point.

LATE FILING FEE CHART FOR CANDIDATE COMMITTEES

BUS. DAYS	ALL SoFO'S	ALL LATE CONTRIB. REPORTS	ANNUAL All Local & Judicial & State Level Received \$10,000.00 OR LESS	ANNUAL Judicial & State Level Received More Than \$10,000.00	ALL PRE OR POST REPORTS Received \$10,000.00 OR LESS	ALL PRE OR POST REPORTS Received More than \$10,000.00
1	\$10.00	\$25.00	\$25.00	\$ 50.00	\$25.00	\$25.00
2	\$20.00	\$50.00	\$50.00	\$100.00	\$50.00	\$50.00
3	\$30.00	\$75.00	\$75.00	\$150.00	\$75.00	\$75.00
4	\$40.00	\$125.00	\$100.00	\$200.00	\$100.00	\$125.00
5	\$50.00	\$175.00	\$125.00	\$250.00	\$125.00	\$175.00
6	\$60.00	\$225.0	\$150.00	\$300.00	\$150.00	\$225.00
7	\$70.00	\$275.00	\$175.00	\$350.00	\$175.00	\$275.00
8	\$80.00	\$325.00	\$200.00	\$400.00	\$200.00	\$325.00
9	\$90.00	\$375.00	\$225.00	\$450.00	\$225.00	\$375.00
10	\$100.00	\$425.00	\$250.00	\$500.00	\$250.00	\$425.00
11	\$110.00	\$525.00	\$275.00	\$550.00	\$275.00	\$525.00
12	\$120.00	\$625.00	\$300.00	\$600.00	\$300.00	\$625.00
13	\$130.00	\$725.00	\$325.00	\$650.00	\$325.00	\$725.00
14	\$140.00	\$825.00	\$350.00	\$700.00	\$350.00	\$825.00
15	\$150.00	\$925.00	\$375.00	\$750.00	\$375.00	\$925.00
16	\$160.00	\$1,025.00	\$400.00	\$800.00	\$400.00	\$1,000.00
17	\$170.00	\$1,125.00	\$425.00	\$850.00	\$425.00	
18	\$180.00	\$1,225.0	\$450.00	\$900.00	\$450.00	
19	\$190.00	\$1,325.00	\$475.00	\$950.00	\$475.00	
20	\$200.00	\$1,425.00	\$500.00	\$1,000.00	\$500.00	
21	\$210.00	\$1,525.00				
22	\$220.00	\$1,625.00				
23	\$230.00	\$1,725.00				
24	\$240.00	\$1,825.00				
25	\$250.00	\$1,925.00				
26	\$260.00	\$2,000.00				
27	\$270.00					
28	\$280.00					
29	\$290.00					
30	\$300.00					

Post-Election Campaign Finance Compliance Statement – Elected Candidates Only

Candidates are required to file a Post-Election Campaign Finance Compliance Statement if he/she (1) is elected to office (2) is subject to the disclosure requirements of the Campaign Finance Act (i.e., required to file a Statement of Organization) and (3) received or expended over \$1,000 during the election cycle. Candidates subject to the Post-Election Campaign Finance Compliance Statement filing requirement are required to submit the form to their filing official.

The following candidates are *exempt* from the Post-Election Campaign Finance Compliance Statement filing requirement: (1) a candidate elected to the office of U.S. Senator or U.S. Representative in Congress (2) a candidate elected to a precinct delegate position and (3) a candidate who receives and expends less than \$1,000.00 during the election cycle.

CONTRIBUTIONS AND OTHER RECEIPTS

"Contributions" are the funds, goods and services donated to the Candidate Committee. **"Other receipts"** include interest and loans from financial institutions, refunds and rebates received by the Candidate Committee.

All contributions that are obtained and used to make expenditures in support or opposition of candidates or ballot issues in Michigan elections must conform to all requirements of the Michigan Campaign Finance Act.

Recording and Reporting Contributions and Other Receipts

The committee treasurer or designated record keeper must:

- Record and report all contributions received from individuals by the amount, date received, and the donor's name and address. If single or cumulative contributions received from the same individual for the "election cycle" total \$100.01 or more, the donor's occupation, employer and principal place of business (address) must also be recorded and reported.
- Record and report all contributions received from groups, businesses, firms or any other types of organizations that are not registered as a committee under the Act by amount, date received and the contributing organization's name and address. If an individual gave money toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded and reported as a "memo itemization." If an individual gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business (address) must also be recorded.
- Record and report all contributions received from Independent, Political and Political Party Committees registered under the Act by the amount, date received and the committee's name and address.
- Record and report all "other receipts" by the amount, date received, and the name and address of the source. A short description of the "other receipt" must also be included.
- For specific information on how contributions and "other receipts" are reported, refer to the Campaign Statement instructions booklet.

Prompt Deposit Required: The Committee Treasurer or agent must promptly deposit all funds received by the committee in the committee's depository. The committee receives a contribution as soon as the committee treasurer or an agent designated by the treasurer receives it.

When a Written Instrument is Required: A contribution of \$20.01 or more must be made on a written instrument such as a check or money order. The written instrument must show the name of the person making the contribution, date, amount and the name of the committee accepting the contribution. A committee may not accept contributions of \$20.01 or more in cash. For contributions made by credit card, the committee needs to record the same type of information for each contribution that would be recorded if the contribution were made by check or money order.

Loans: A Candidate Committee may accept loans from individuals, Independent Committees, Political Committees, Political Party Committees and financial institutions. Loans are recorded as contributions with the exception of loans made to the committee by financial institutions. A loan made by a financial institution is recorded as an “other receipt.” Since a loan from an individual or from another committee is treated as a contribution, a Candidate Committee must not make loans to another Candidate Committee. Loans apply to the committee’s contribution limit until the committee pays it back. In addition, a loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for the amount loaned. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan.

In-Kind Contributions: In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of lumber to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee.

- The value of an in-kind contribution is the fair market value of the goods or services or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.
- A corporation, labor organization or domestic dependent sovereign may not make an in-kind contribution to a Candidate Committee, Political Committee, Independent Committee or Political Party Committee from treasury funds. Any contributions of funds, goods or services must be from the corporation’s, labor organization’s, or domestic dependent sovereign’s separate segregated fund that is registered as an Independent or Political Committee.

Contributions from Out-of-State Groups: A Candidate Committee may accept out-of-state contributions. A statement must be included with any out-of-state contribution from a person, other than an individual. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds prohibited by Section 54 of the Campaign Finance Act (funds from a corporation, joint stock company, domestic dependent sovereign [Indian tribe], or labor organization).

- An officer of the contributing committee or other contributing person must certify the statement as true and correct.
- The statement must be kept with the committee's financial records.

LIMITATIONS ON CONTRIBUTIONS TO CANDIDATES

The Act sets contribution limits for all elective candidates. The following types of contributions count toward the limits: cash contributions, contributions made by a written instrument such as a check or money order, in-kind contributions of goods and services, and loans. A contribution made by a dependent minor is counted against the contribution amount given by the minor's parent or guardian.

The contribution limits are set on an "election cycle" basis.

- An election cycle begins on the day following a general election in which the office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot.
- For a special election, the election cycle begins on the day the special election is scheduled or the date the office involved became vacant (whichever is earlier) and ends on the day of the special election.

The contribution limits chart lists the maximum amount individuals, Independent Committees, Political Committees and Political Party Committees may give to an elective candidate during the election cycle. **IMPORTANT:** The chart and the information appearing below the chart do not apply to candidates for governor or lieutenant governor if public funding is accepted. For information on the contribution limits that apply to candidates for governor and lieutenant governor when public funding is accepted, contact the Department of State's Bureau of Elections in Lansing.

Immediate Family Exemption: A candidate and his or her immediate family members are exempt from the contribution limits except gubernatorial candidates receiving public funds. The Act's definition of "immediate family" is a child residing in the candidate's household, the candidate's spouse, or an individual claimed by the candidate or the candidate's spouse as a dependent for federal income tax purposes.

State Elective Offices: State elective offices are Governor, Lt. Governor, Secretary of State, Attorney General, Supreme Court Justice, State Board of Education, University of Michigan Regent, Michigan State University Trustee and Wayne State University Governor.

MAXIMUM CONTRIBUTION DURING ELECTION CYCLE

Type of Candidate	Political Committees and Individuals	Independent Committees, District and County Political Party Committees	State Central Political Party Committees	Caucus Committee (Independent Committee)	Bundling Political Committee	Bundling Independent Committee
State Elective Offices (See definition above)	\$3,400	\$34,000	\$68,000	\$34,000	\$3,400	\$34,000
State Senator	\$1,000	\$10,000	\$10,000	**Unlimited	N/A	N/A
State Representative	\$500	\$5,000	\$5,000	**Unlimited	N/A	N/A
Local or judicial candidate district pop. Over 250,000	\$3,400	\$34,000	\$34,000	\$34,000	N/A	N/A
Local or judicial candidate district pop. 85,001 to 250,000	\$1,000	\$10,000	\$10,000	\$10,000	N/A	N/A
Local or judicial candidate district pop. up to 85,000	\$500	\$5,000	\$5,000	\$5,000	N/A	N/A

** A Senate or House Caucus committee is prohibited from making a contribution to or an expenditure on behalf of a State Representative or State Senate candidate if the candidate is running against opposition in a primary

Contributions From Committees And Organizations: As a person cannot give a contribution to another person with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee, an amount contributed to a candidate by an Independent Committee, Political Committee, Political Party Committee, group, business, firm or other type of organization does **not** count toward the contribution limit applicable to any person who may have given the funds involved to the contributing committee or organization. This remains true even if a contributing organization is required to supply the committee with information on individuals who gave funds which went toward the contribution.

Designation Of Contributions For Previous Election Cycles: A contribution received by a Candidate Committee is considered to be for the current election cycle unless designated for a previous election cycle. A contributor can designate a contribution for a previous election cycle if the designation is made in writing; the contributor did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation.

Contribution Exemptions: An individual can assist a Candidate Committee in a number of ways without counting the assistance as a contribution to the committee. The following exemptions are designed to encourage volunteer participation in the political process:

- A volunteer's personal services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. If the committee compensates the volunteer, the compensation must be reported as an expenditure. If a third party compensates the volunteer (an employer, for example), the compensation must be reported as an in-kind contribution from the third party. If a volunteer is on earned vacation time when assisting the committee, the vacation pay does not count as a contribution.
- The first \$500.00 spent during the year by a volunteer for personal travel expenses (gas, food, lodging) do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. The committee must report additional travel expenses incurred by the volunteer during the year as in-kind contributions.
- The first \$100.00 worth of food and beverages donated during the year by an individual do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. The committee must report additional donations of food and beverages given by the individual during the year as in-kind contributions.

Advising Contributors of Filing Obligations Urged: Michigan's Campaign Finance Act covers a "person" operating within Michigan or out-of-state as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan. The term "person" is used to mean a business, company, corporation, association or two or more individuals who act jointly. As soon as a person reaches the \$500.00 threshold detailed above, it has ten (10) calendar days to form and register a committee under the Act. A person that is covered by the Act must register a committee by filing a Statement of Organization with the appropriate filing official.

- The treasurer of a Candidate Committee who accepts a contribution of \$500.00 or more from a business or other type of group is urged to advise the organization of the Campaign Finance Act's filing requirements.
- A group that meets the registration threshold through a single contribution may register a committee under the Act and dissolve the committee on the same day if no further political activity is anticipated for the year.
- If the Candidate Committee(s) to which contributions are made are state-level or judicial committees, the group would file the Statement of Organization with the Bureau of Elections. If the contribution is made to a candidate for local office, the Statement of Organization must be filed with the appropriate County Clerk.

Contributions Received from a Partnership or a Limited Liability Company: The following requirements for partnerships also apply to limited liability companies and their members. A contribution to a Candidate Committee that is made on a partnership check is viewed as a contribution from the partnership unless the amount contributed is attributed to members of the

partnership. Consequently, if a partnership contributes \$500.00 or more in a calendar year and the amount contributed has **not** been attributed to members of the partnership, the partnership is required to register as a committee under the Campaign Finance Act. On the other hand, if the amount contributed has been attributed to members of the partnership, the amount involved does not count toward the \$500.00 registration threshold applicable to the partnership under the Act.

- When the members of a partnership or a limited liability company wish to use a business check to make a contribution to a Candidate Committee, a written statement containing the name, address, date and amount being contributed by each partner or member must accompany the check. Those individuals whose contributions total more than \$100.00 must also provide their occupation, employer and principal place of business. The recipient committee then reports the amount contributed by each partner or member as a separate contribution received from an individual; the name of the partnership or limited liability company is not listed as contributor.
- As Candidate Committees are not permitted to accept corporate contributions, no part of a contribution made on a partnership check or a limited liability company check may be attributed to an individual partner or membership who is incorporated.
- The amount attributed to an individual partner or member counts toward that individual's contribution limit to the candidate.

Bundled Contributions: "Bundling" is defined as the delivery of one (1) or more contributions from individuals to the Candidate Committee of a candidate for Governor, Lt. Governor, Secretary of State, Attorney General, State Board of Education, University of Michigan Regent, Michigan State University Trustee, Wayne State University Governor or Supreme Court Justice, by an Independent or Political Committee (PAC) registered with the Secretary of State.

Contribution limits apply to bundled contributions. A PAC may give bundled contributions that are equal in amount to the contribution limit that they must adhere to if they were giving the committee a contribution directly. The bundled contribution limit is in addition to the contribution limit that the committee is allowed to give directly from the committee's PAC account.

PROHIBITED CONTRIBUTIONS

A prohibited contribution must be returned as soon as the committee recognizes that it has received a contribution that cannot be accepted. If a prohibited contribution has been deposited in the committee's account, an expenditure from the account must be made to return the prohibited contribution. If the prohibited contribution has not been deposited, the actual contribution must be returned. If returned within 30 business days, the receipt of the contribution is not considered to be a contribution and is therefore not a violation of Campaign Finance provisions. The Michigan Campaign Finance Act prohibits the following types of contributions:

- **Anonymous Contributions:** A committee may not accept an anonymous contribution. If a contribution is received without name and address information, it must be donated to a tax

exempt charitable organization and a receipt is needed for committee records.

- Cash Contributions: A committee may not accept contributions of \$20.01 or more in cash. Cash contributions of \$20.00 or less must be reported in detail with name, address, date and amount of each contribution.
- Candidate Committee to Candidate Committee: A Candidate Committee must not accept a contribution from another Candidate Committee except for the purchase of a fund raiser ticket, not to exceed \$100.00 from that Candidate Committee in a calendar year.
- Earmarking: A committee may not accept a contribution with the agreement or arrangement that the committee will transfer the contribution to a particular Candidate Committee. (This practice is commonly called “earmarking” and is strictly prohibited.)
- Foreign Nationals: The Federal Election Campaign Act prohibits Foreign Nationals from making any contribution or expenditure (including independent expenditures) in connection with any U.S. elections. It is also unlawful for any person to solicit, accept or receive a contribution from a foreign national.
- Corporations, Joint Stock Companies, Labor Organizations, Domestic Dependent Sovereigns (Indian tribes): A Candidate Committee may not accept a contribution of money from treasury funds, goods, services, discounts or free use of facilities from a corporation, a joint stock company, a labor organization, or a domestic dependent sovereign.

A corporation, joint stock company, labor union or domestic dependent sovereign may not purchase fund raiser or dinner tickets to Candidate Committee events; may not donate prizes or awards for fund raisers or other events sponsored by or for the benefit of a Candidate Committee; may not provide a discount unavailable to the general public to a Candidate Committee; and may not pay off or forgive a committee debt for a Candidate Committee.

Prohibitions against corporate contributions apply to all types of corporations, including large and small corporations, non-profit and for-profit corporations, professional corporations and sub-chapter S corporations. The only exception is for a corporation formed strictly for political purposes only.

- Prohibition of Campaign Contributions from Persons Holding a Casino Interest: Public Act 69 of 1997 amended the Michigan Casino Revenue and Control Act to prohibit persons having a casino interest in one of the three Detroit casinos from making campaign contributions during certain periods of time. The Michigan Gaming Control Board enforces this prohibition. The persons who are prohibited from making contributions are:
 1. a casino licensee or a supplier licensee;
 2. a person who holds at least a 1% interest in a casino licensee, a supplier licensee or a casino enterprise;
 3. a person who is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the Casino Gaming Board;
 4. a person who is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise;

5. the Independent Committee of a licensee or casino enterprise.

Prohibited Periods

Casino Licensee - Political contributions may not be made from a date one year prior to applying to the MGCB for a Casino License, and continuing until three years after the license expires. The prohibited period includes all time in between these dates, including the period when the MGCB is still considering a license application.

Supplier Licensee - Political contributions may not be made from the date an application is submitted to the MGCB for a Supplier License, and continuing until three years after the license expires.

Enforcement - A person who makes a prohibited contribution is guilty of a felony, punishable by imprisonment for 10 years and/or a fine of not more than \$100,000.00.

Public Act 71 of 1997 amended the Michigan Campaign Finance Act to provide that a committee shall not knowingly maintain receipt of a contribution from a person prohibited from making a contribution during the prohibited period under Public Act 69.

For purposes of this section of Public Act 71, a committee is only considered to have knowingly maintained receipt of a contribution prohibited under Public Act 69 and is subject to penalty for that violation if both of the following circumstances exist:

- The Secretary of State has, by registered mail, notified the committee that the committee has received a contribution in violation of this section and has specifically identified that contribution.
- The committee fails to return the contribution identified on or before the thirtieth business day after the date the committee receives the notification.

RETURNING CONTRIBUTIONS

Funds received by a committee which are returned to the contributor **within 30 business days** after their receipt are not viewed as a "contribution" under the Act.

- Funds that are returned to the contributor which have not been deposited in the committee's account are not reported on the next Campaign Statement required of the committee.
- Funds deposited in a committee's account that are subsequently returned to the contributor must be reported on the Campaign Statement covering the period during which the contribution was received and returned.

CANDIDATE'S CONTRIBUTIONS TO OWN COMMITTEE

The following explains the ways a candidate can contribute to his or her Candidate Committee; the procedures that must be followed if a candidate wishes to be reimbursed for funds loaned to or expenses incurred on behalf of his or her Candidate Committee; and the procedures for reporting these transactions.

Direct Contributions: Funds contributed by a candidate to his or her own campaign must be deposited directly into the candidate's committee account. Contributions of money made by a candidate to his or her Candidate Committee are reported as "direct contributions" on the Itemized Contributions Schedule (1A).

A candidate who wishes to have the funds he or she lends to his or her Candidate Committee paid back must report the funds given to the committee as a loan (see below) on a campaign statement.

Loans: Loans of money made by a candidate to his or her own campaign must be deposited directly into the Candidate Committee's bank account. Funds loaned by a candidate to his or her Candidate Committee are reported as both a "Loan From a Person" and as a "Direct Contribution" on the Itemized Contributions Schedule (1A). The loan is also reported on the Debts and Obligations Schedule (1E) if the committee did not repay the loan to the candidate during the same reporting period in which the loan was made.

If the committee receives contributions from contributors in excess of the amount needed for expenditures and disposition of other debts and obligations, the candidate can receive repayment on a loan made to his or her Candidate Committee. The loan repayment is reported on the Itemized Expenditures Schedule (1B). If any portion of the loan remains outstanding at the end of the reporting period, the original amount, dates, all payments on the loan, and the ending balance are also reported on the Debts and Obligations Schedule (1E) of each Campaign Statement filed until the total loan has been repaid.

A candidate cannot be repaid for loans made to his or her Candidate Committee unless the transaction has been reported as a loan on the Campaign Statement which covers the period during which the transaction took place.

In-Kind Contributions: A candidate can pay for campaign expenses directly out of his or her own pocket. Campaign purchases made by a candidate with personal funds are in-kind contributions of goods or services to the Candidate Committee. A candidate may be reimbursed for out-of-pocket campaign expenses (in-kind contributions) with committee funds. Reimbursements made by a Candidate Committee for out-of-pocket campaign expenses incurred by the candidate must be reported as detailed below:

Candidate To Be Reimbursed After The Reporting Period In Which The Out-Of-Pocket Purchases Were Made:

- On the Campaign Statement that covers the period in which the candidate made the purchases, the goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule (1-1K) as in-kind contributions from the candidate. The "Goods or Services Purchased by Candidate - Loan" box is checked to show that the candidate wishes to receive reimbursement for the purchases. A brief description of the goods and/or services that were purchased and the name and address of the vendor from whom the goods or services were purchased are also reported on the schedule. The amount owed by the committee to the candidate at the close of the reporting period is reported on the Debts and Obligations Schedule (1E).

- On the Campaign Statement that covers the period in which the expenditure is made to reimburse the candidate for the purchases, the reimbursement is reported on the Itemized Expenditures Schedule (1B). The purpose of the expenditure is shown as "Reimbursement for in-kind contribution." A reimbursement for a single purchase over \$50.00 made by the candidate during a previous reporting period is separately itemized on the Itemized Expenditures Schedule (1B) with the name and address of the vendor from whom the purchase was made.
- If the in-kind contribution was for travel expenses and the mileage reimbursement exceeds \$50.00, the number of miles, purpose and date of the trip, reimbursement rate (cents per mile) and the amount must be reported as the description of the in-kind contribution.
- If any portion of the amount owed to the candidate remains outstanding, the detail information regarding payments, original amount and ending balance are shown on the Debts and Obligations Schedule (1E).

Candidate Reimbursed During The Reporting Period In Which The Out-Of-Pocket Purchases Were Made:

- The goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule (1-IK) as in-kind contributions from the candidate. The "Goods or Services Purchased by Candidate - Loan" box is checked to show that the candidate wished to receive reimbursement for the purchases. A brief description of the goods and services and the name and address of the vendor from whom the goods and services were purchased are also reported on the schedule. The reimbursement is reported on the Itemized Expenditures Schedule (1B) with the purpose shown as "reimbursement for in-kind contributions". If the amount reimbursed is \$50.00 or less, no further detail is required. If the amount of the reimbursement for a single purchase is over \$50.00, a notation can indicate that the detail information is reported on Schedule 1-IK of the same campaign statement.

FUNDRAISERS

A Candidate Committee that does not have a Reporting Waiver is required to file with each required Campaign Statement a Fund Raiser Schedule (1F) for each fund raising event held during the reporting period. To ensure that appropriate records are kept at fund raising events, the committee's treasurer or designated record keeper should familiarize him or herself with the information required on the form **before** any fundraisers are held. Note: the definition of "fund raising event" in the Act does not include "bingo" and "purchases of chances for prizes" as methods of soliciting or receiving a contribution.

A committee planning a fundraiser should consult with local governmental units, the liquor commission and the Bureau of State Lottery for necessary licenses or permits prior to the event.

All contributions and expenditures for a fundraiser must be reported in detail on the Campaign Statement that covers the period during which the fundraiser is held. Please refer to the Candidate Committee Campaign Statement Instructions booklet for specific instructions and examples for reporting contributions, other receipts, expenditures and debt relative to fundraisers.

Joint Fundraisers

Candidates who wish to hold a joint fundraiser must adhere to the following procedures to avoid violations of Michigan's Campaign Finance Act.

Written Agreement

The Committees that plan to participate in the joint fundraiser must develop a written agreement. The treasurer of each of the participating Committees must keep a copy of the agreement with the committee's records. A Candidate Committee participating in the joint fundraiser is **not** required to file the agreement with its filing official.

- The written agreement must describe what each committee's contribution and expenditure share will be. Contribution and expenditure shares must be expressed as percentages. **A committee's expenditure share must equal the committee's contribution share.** For example: "The ABC Committee will receive 60 percent of the contributions received at the fund raiser and will make 60 percent of the expenditures necessary to hold the fund raiser. The XYZ Committee will receive 40 percent of the contributions received at the fund raiser and will make 40 percent of the expenditures necessary to hold the fund raiser."
- The written agreement must detail how expenditures will be handled. Expenditures can be handled in two ways. Under the first method, each committee agrees to pay its expenditure share at the time each expenditure is made or billed. Under the second method, one of the committees agrees to make all of the expenditures and the other committees agree to provide the necessary reimbursement. The reimbursements must be made within a reasonable period of time and must correspond to the agreed upon expenditure split.
- The written agreement must detail how contributions and other receipts will be handled. In handling the funds, the committees must agree to open a joint account in a bank, credit union or savings and loan association for the deposit of all contributions and other receipts related to the fundraiser.
- Funds deposited in the joint account are then transferred, without delay, into the committees' official depository accounts. The fund transfers must correspond to each committee's agreed upon contribution share. Expenditures cannot be made from the joint account established by the committees for the fundraiser. Each of the committees participating in the joint fund raiser must amend its Statement of Organization to reflect the establishment of a "secondary depository." The Statement of Organization amendment must be made no later than the due date of the next Campaign Statement required of the participating committees after establishment of the account.

Advertising the Event

Advertisements and invitations for a joint fund raising event must include the information detailed below.

- An explanation that the event to be held is a joint fundraiser. The explanation must include the names of the participating committees, the names of the participating candidates and the offices sought by the participating candidates.

- What each participating committee's contribution share will be. If any of the participating committees are subject to contribution limitations, the contributors should be reminded to use the contribution share information to gauge whether they are exceeding the applicable contribution limitation.
- An identification statement stating, "Paid for by" with the names and addresses of each of the sponsoring committees.
- Specific instructions on how checks should be made out to the fund raising event.

Record Keeping and Reporting Requirements: The treasurers or the designated record keepers of the committees that participate in a joint fund raiser must carefully record the expenditures made for the event and the contributions and other receipts received in connection with the event. Participating committees that are required to file Campaign Statements must accurately report the recorded information. Participating committees that maintain a Reporting Waiver are not required to report the recorded information. Record keeping and reporting requirements related to joint fund raising events are detailed below.

- Each participating committee **records** the name and address of each contributor, the date of the contributor's contribution, and the amount the committee received from the contributor's contribution.
- A participating committee **reports** the name and address of each contributor. The date the contributor made the contribution is also reported. Each committee reports only the proportional amount of the contributor's contribution received by that committee, not the entire amount of the contribution.
- If one of the participating committees has been designated to make all of the expenditures related to the fundraiser, the designated committee must itemize all expenditures that exceed \$50.00. When reporting these expenditures, the committee must specify, under the "Purpose" column on the Itemized Expenditures Schedule (1B), that the expenditures were related to a joint fundraiser. When the other participating committees reimburse the committee that reports the expenditures, the reimbursements are reported as "Other Receipts" on the Itemized Other Receipts Schedule (1A-1). When reporting a reimbursement as an "Other Receipt," the committee must check the "miscellaneous" box and indicate that the "other receipt" was a reimbursement received in connection with a joint fundraiser.
- The committees that provide reimbursement for the expenditures must report the purpose of the expenditure as reimbursement for joint fundraiser expenses. If the amount a committee must reimburse for any given expenditure made for the fund raiser exceeds \$50.00, the reimbursement for the expenditure must be separately itemized on the Itemized Expenditures Schedule (1B) with the following information entered in the "Purpose" column: (1) an explanation that the amount expended was reimbursement for a joint fund raiser expense, and (2) the name and address of the person originally paid by the committee being reimbursed.
- If each participating committee pays its share of the expenditures as they arise, the committee must report its respective share of each expenditure. If a participating committee's share of any given expenditure exceeds \$50.00, the expenditure share must be itemized on the Itemized Expenditures Schedule (1B).
- A committee that participates in a joint fundraiser must complete a Fund Raiser Schedule (1F) to document the event. The Fund Raiser Schedule must indicate that the event held was a joint fundraiser and show the share of contributions received by the committee and the

share of expenditures made by the committee in connection with the event. The Fund Raiser Schedule is included with the next Campaign Statement required of the committee.

Additional Notes on Joint Fund Raisers

- If a candidate who participated in a joint fund raiser decides not to run for office, the funds received by his or her committee from the joint fund raiser must be given to a tax exempt charitable institution, contributed to a Political Party Committee or returned to the contributors who gave the funds. The funds **cannot** be given to the other candidates who participated in the fundraiser.
- Corporations, Indian Tribes and labor unions may not contribute to fund raisers from treasury funds. Contributions and ticket purchases must be made from their separate segregated funds.
- Each contributor to a joint fund raising event must make a contribution to each of the participating Candidate Committees in the ratio publicized to the contributors; the contributor may not choose to allocate his or her contributions differently.
- A Candidate Committee may hold a joint fund raiser with a Political Committee, Independent Committee, Political Party Committee or a tax exempt non-corporate charitable organization as long as the percentage of the expenditures paid by the Candidate Committee in connection with the event do not exceed the percentage of the contributions the Candidate Committee receives from the event. The percentage of the expenditures paid by the co-sponsoring organizations in connection with a joint fund raising event held with a Candidate Committee may **exceed** the percentage of the contributions the co-sponsor receives from the event.
- Applicable contribution limits apply to this arrangement. A charitable or political party organization must register as a committee under the Campaign Finance Act as soon as it contributes \$500.00 or more to state and local candidates.
- A state or local Candidate Committee may hold a joint fundraiser with a federal Candidate Committee as long as the percentage of the expenditures paid by the state or local Candidate Committee in connection with the event does not exceed the percentage of the contributions the state or local Candidate Committee receives from the event. (This is the same principle that applies when two or more state or local Candidate Committees hold a joint fund raiser.) As a federal Candidate Committee can contribute to a state or local Candidate Committee, the percentage of the expenditures paid by a federal Candidate Committee in connection with a joint fund raising event held with a state or local Candidate Committee **may exceed** the percentage of the contributions the federal Candidate Committee receives from the event. Applicable contribution limits apply to this arrangement. A federal Candidate Committee must register as a political or independent committee under the Campaign Finance Act as soon as it contributes \$500.00 or more to a state or local candidate.

EXPENDITURES AND DISBURSEMENTS

"Expenditures" are anything of monetary value spent by the Candidate Committee to influence the nomination or election of the candidate or the qualification, passage or defeat of a ballot question.

Recording and Reporting Expenditures

The committee treasurer or designated record keeper must record all expenditures by the amount, date made, purpose, and the name and address of the individual or business that received the funds. A receipt must be obtained for each expenditure made by the committee (a canceled check is acceptable). The purpose of the expenditure must be written on the receipt

When a Written Instrument is Required

An expenditure of \$50.01 or more must be made by a written instrument such as a check or money order. The written instrument must show the Candidate Committee name and the name of the recipient. Persons authorized to make committee expenditures do **not** have to be listed on the committee's Statement of Organization.

A Candidate Committee may not make expenditures of \$50.01 or more in cash.

Prohibited Expenditures

A Candidate Committee may not lend funds to another Candidate Committee or make an expenditure to or on behalf of another Candidate Committee. A Candidate Committee also may not purchase ads in other candidates' program books. In addition, a Candidate Committee is not permitted to lend funds to the candidate or to any other person.

Petty Cash Fund

The committee treasurer may set up a petty cash fund with funds withdrawn from the committee's official account. The committee must keep records of payments from the petty cash fund showing the amount, date and purpose of each expenditure. Single expenditures of \$50.01 or more must not be made from the petty cash fund.

INCIDENTAL EXPENSE DISBURSEMENTS (OFFICEHOLDERS ONLY)

“Incidental Expense” means an expenditure that is an ordinary and necessary expense as described in section 162 of the internal revenue code of 1986, 26 U.S.C. 162 (commonly referred to as the Internal Revenue Business Expense Code), paid or incurred in carrying out the business of an elective office.

Public Act 411 of 1994 provides for the elimination of Officeholder Expense Funds and permits an elected public official to use his or her Candidate Committee account to meet incidental office expenses. The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay for expenses that are incidental to holding that office. The following is a listing of some of the incidental expenses for which disbursements may be made:

- A disbursement necessary to assist, serve, or communicate with a constituent.
- A disbursement to purchase office furniture, equipment and supplies.
- A disbursement for a district office if the office is not used for campaign-related activity.
- A disbursement for the public official or his or her staff, or both, to attend a conference, meeting, reception, or similar event.
- A disbursement to maintain a publicly owned residence or temporary residence at the seat of government.
- An un-reimbursed disbursement for travel, lodging, meals or other expenses incurred by the public official, a member of the public official’s immediate family, or a member of the public official’s staff in carrying out the business of the elective office.
- A donation to a tax-exempt, charitable organization, including the purchase of tickets to charitable or civic events.
- A disbursement to a ballot question committee.
- A purchase of tickets to another Candidate Committee’s fund raiser, not to exceed \$100.00 per Candidate Committee per calendar year. The tickets are to be used by the candidate whose committee is making the purchase, or by members of his or her immediate family or his or her staff.
- A purchase of tickets to other committee’s fund raisers, not to exceed \$100.00 per committee per calendar year. If tickets to fund raising events sponsored by a Political Committee, Independent Committee, Ballot Question Committee or Political Party Committee are purchased as "incidental expenses", those purchases would be limited to \$100.00 per committee per calendar year.
- A disbursement for an educational course or seminar that maintains or improves skills employed by the public official in carrying out the business of the elective office.
- A purchase of advertisements in testimonials, program books, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate.
- A disbursement for consultation, research, polling, and photographic services not related to a campaign.
- A fee paid to a fraternal, veteran, or other service organization.
- A payment of a tax liability incurred as a result of authorized transactions by the candidate committee of the public official.
- A fee for accounting, professional, or administrative services for the candidate committee of

- the public official.
- A debt or obligation incurred by the candidate committee of a public official for a disbursement authorized by one of the incidental expense subdivisions of the Act, if the debt or obligation was reported in the candidate committee report filed for the year in which the debt or obligation arose.

Schedule 1C (Incidental Office Expense Disbursements) is designed to accommodate reporting of incidental expense disbursements as a part of the Candidate Committee's Campaign Statements.

In an Interpretive Statement issued on May 10, 1995 to the Honorable Curtis Hertel, the Department of State concluded that:

"If an officeholder's candidate committee pays for a ticket to a fundraiser sponsored by a candidate committee, independent committee, political party committee, or a political committee and the ticket purchase is an incidental expense, the payment may not exceed \$100.00 per committee in any calendar year. If a candidate committee purchases a fundraiser ticket or makes a contribution to an independent committee, political party committee, or a political committee for the purpose of assisting the candidate's nomination or election, the \$100.00 limit does not apply. However, the ticket purchase or contribution must tangibly benefit the candidate's nomination or election.

A candidate committee may purchase a ticket to another candidate committee's fundraiser as an incidental expense but is otherwise prohibited from contributing to another candidate committee. The ticket purchase may not exceed \$100.00 per committee in a calendar year....

An expenditure by a candidate committee to an independent committee, whether as a direct donation or a purchase of a fundraiser ticket, may only be made if it influences the nomination or election of the candidate whose committee makes the expenditure. Therefore, the candidate and the candidate committee treasurer must be able to specifically substantiate how an expenditure to an independent committee furthers the nomination or election of the candidate...."

If a disbursement is made from the Candidate Committee account as an "incidental expense", it is to be reported on Schedule 1C, Incidental Office Expense Disbursements. If a disbursement is made from the Candidate Committee account as "an expenditure" to further the nomination or election of the candidate, it is to be reported on Schedule 1B, Itemized Expenditures.

AUTOMOBILE EXPENSES

A Candidate Committee may make expenditures for the use of an automobile for campaign purposes, or make incidental office expense disbursements for the use of an automobile for constituent services. There are several choices as to how the automobile expense may be managed. The acceptable options for candidates subject to the Act are described below.

Candidate purchases automobile with **personal** funds

A candidate who uses his or her personal vehicle for campaign purposes may be reimbursed from the Candidate Committee account. The candidate who is an officeholder may also use a personal vehicle for constituent services and business related to the office held.

- Option 1
If the vehicle is owned by the candidate, he or she may choose to be reimbursed for miles traveled for campaign or business purposes based on a cents per mile rate, such as the IRS standard mileage rate for business miles.
- Option 2
The candidate may choose instead to be reimbursed for a percentage of actual expenses incurred in operating the vehicle, such as monthly car payment, insurance, gasoline, oil, insurance, licensing, tires, batteries, etc. If the vehicle is leased rather than owned, the actual expense percentage method should be used.

With either option, the candidate should maintain a log to document the number of miles driven or percentage of usage of the vehicle.

Candidate Committee purchases or leases the vehicle with **committee** funds

The candidate may choose to purchase or lease the vehicle, paying for it with funds from the Candidate Committee account.

- Option 1
Actual expenses of operating the vehicle for campaign, business and personal purposes would be paid directly from the committee account. The candidate would keep a log to document personal use of the vehicle and reimburse the committee account for that use. If the vehicle is owned or being purchased by the committee, the reimbursement may be by either the mileage rate method or the percentage of actual expense method. If the vehicle is leased, the reimbursement should be based on the actual expense percentage method.
- Option 2
The candidate would use the committee owned vehicle only for campaign or business purposes and uses a personally owned car for personal business. There would be no need for reimbursement by the candidate to the committee for personal use of the vehicle.

Prior to leasing a vehicle with committee funds, the candidate should verify with the leasing company involved whether the lease can be transferred to the candidate if he or she leaves office prior to the termination of the lease. The Department of State does not offer advice on this matter.

Disposition Of Vehicle When Candidate Is No Longer A Candidate Or Leaves Office

If the Candidate Committee is purchasing the vehicle and the candidate ceases to hold office or to be a candidate, the committee may sell the vehicle at fair market value (determined by blue book value or by calculating the depreciated value) to anyone, including the candidate or give it to an Independent Committee or Ballot Question committee, political party or a charity. Money from the sale belongs to the committee and can be disposed of in the same manner as any other unexpended funds of the committee. (see “Disposition of Unexpended Funds”, page 58 - 59 of Manual).

If the candidate personally owns the vehicle, no disposition of the vehicle would be necessary.

Automobile Use Of A Term Limited Officeholder Who Is Seeking Election To Another Office

Scenario: A term limited State Representative is a candidate for State Senate and chooses to purchase rather than lease a vehicle. Can he use the vehicle for legislative business, constituent service and campaigning although two separate committees are involved?

Solution: The State Representative purchases the vehicle using personal funds.

Each committee may reimburse the Representative for miles driven on business for that committee: the State Representative Committee reimbursing for mileage driven for constituent services and legislative business; and the State Senate Committee reimbursing for campaign mileage. A log should be kept to record the number of miles driven and a reimbursement rate set that is the same for each committee.

If the candidate wins election as State Senator, the Senate committee can reimburse him or her for Senate business use, constituent service use and campaign use.

If the candidate loses the election, he or she does nothing with the car, since it already belongs to him or her.

TRANSFER OF FUNDS FROM ONE CANDIDATE COMMITTEE TO ANOTHER CANDIDATE COMMITTEE HELD BY THE SAME PERSON

Transfers by Active Candidate Committee (Itemization Required)

Section 45(1) of the Michigan Campaign Finance Act provides:

“A person may transfer any unexpended funds from 1 candidate committee of that person to another candidate committee of that person if the contribution limits prescribed in section 52 or 69 for the candidate committee receiving the funds are equal to or greater than the contribution limits for the candidate committee transferring the funds and if the candidate committees are simultaneously held by the same person. The funds being transferred shall not be considered a qualifying contribution regardless of the amount of the individual contribution being transferred.”

A transfer of this type can be made anytime and there is no limit on the amount of funds transferred. However, if the funds are raised by the transferring committee after the candidate has filed a Statement of Organization to run for a different office, FIFO (First-In-First-Out), LIFO (Last-In-First-Out), or another generally acceptable accounting method may be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each person must be counted towards that person's limit on contributions to the Candidate Committee receiving the transferred funds.

Transfers by a Dissolving Candidate Committee (No Itemization Required)

A Candidate Committee that is being dissolved can *also* transfer unexpended funds from the Candidate Committee that is being dissolved to another Candidate Committee *held by the same person* if the contribution limits for the recipient committee are the same or greater than the contribution limits for the transferring committee.

Transfers by a Term-Limited Candidate - See Section on "Term Limited Candidates"

Reporting Transfers

The transferring Candidate Committee will report the transfer of funds on Schedule 1B, Itemized Expenditures, of the Campaign Statement that covers the period when the transfer took place, indicating the name and address of the new committee receiving the transfer, a notation "transfer of unexpended funds", and the date and amount of the funds being transferred.

The recipient Candidate Committee must report the transferred funds on its Campaign Statement that covers the date of the transfer. If the funds that are transferred were raised after the last General Election or after filing of a Statement of Organization for a new Candidate Committee, the name of the original contributors as designated using FIFO, LIFO or some other acceptable accounting method, the amount from each person, and the date of the transfer as the date of the contribution must be reported on Schedule 1A, Itemized Contributions.

If the funds that are transferred were raised on or before the day of the last General Election, or before the filing of a Statement of Organization to run for a different office, the recipient Candidate Committee reports the transferred amount as a lump sum on Schedule 1A-1, Itemized Other Receipts. The source is reported as the transferring committee, the type of receipt is indicated as "Other: transfer of unexpended funds" with the date and amount of the total transfer.

If the unexpended funds are being donated to other committees, charitable organizations or returned to individual contributors, the donation must be reported on Schedule 1B, Itemized Expenditures, of the Campaign Statement of the donor committee that covers the period when the donations took place, indicating the name and address of the person or organization receiving the donation, the date and amount of the funds being donated. Each recipient committee will report receipt of the donation from the donor committee on its Itemized Contribution Schedule as it would any other contribution.

Transfer of Other Assets

The remaining value of any transferred assets should be reported as an in-kind expenditure on Schedule 1B-IK of the transferring committee's Campaign Statement covering the period of the transfer, with the name and address of the recipient, the date of the transfer and the fair market value of the assets as the amount. The recipient committee will report the receipt of the transferred assets as an in-kind contribution on its Itemized Contribution Schedule as "Goods or Services donated" with the name and address of the transferring committee as the contributor, the description as "Transferred assets", the date of the transfer and the fair market value of the assets as the amount.

Transfer of Debt Prohibited

Outstanding debt may *not* be transferred from one Candidate Committee to another Candidate Committee. Debt must be paid or (if it qualifies) forgiven prior to dissolution of a committee.

TERM-LIMITED CANDIDATES

TERM-LIMITED CANDIDATES

In Michigan, statute limits the number of terms an individual may serve in a particular elective office. At the state level, those offices are:

State House of Representatives	Three two-year terms
State Senate	Two four-year terms
Governor	Two four-year terms
Lieutenant Governor	Two four-year terms
Attorney General	Two four-year terms
Secretary of State	Two four-year terms

Term limits for state offices became effective on November 6, 1996. Contact the county clerk of the applicable county for information regarding term limits for city, county, township or village offices.

Authorized Expenditures

An officeholder who is barred from seeking reelection may not use his or her candidate committee to make election related expenditures. An expenditure is defined in MCL 169.206 as the payment or transfer of anything of ascertainable monetary value in assistance of, or in opposition to, the nomination or election of a candidate. An officeholder who is seeking election to a new elective office may not make expenditures for the nomination or election to the new office from the bank account of the Candidate Committee that was used to run for the term-limited office.

An officeholder who is constitutionally barred from seeking reelection may make the following types of expenditures or disbursements from his or her existing Candidate Committee bank account:

Pay debts incurred in a previous election cycle, including debt owed to the candidate

Debt must have been reported on the Campaign Statement that covered the period during which the debt was incurred.

Make disbursements for incidental office expenses

The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay expenses that are incidental to holding **that** office. An incidental expense is an expenditure that is an ordinary and necessary business expense, as described in section 162 of the Internal Revenue Code of 1986 that is paid or incurred in carrying out the business of an elective office [MCL 169.209(1)].

Transfer unexpended funds to another Candidate Committee held by the same person

Unexpended funds may be transferred to another Candidate Committee if the contribution limits for the Candidate Committee receiving the funds are equal to or greater than the contribution limits for the Candidate Committee transferring the funds, and if the Candidate Committees are simultaneously held by the same person (MCL 169.245).

Funds raised after the General Election at which the officeholder was elected to his or her final term of office that are transferred to a Candidate Committee formed to run for a different state office or for a local office are subject to the contribution limits applicable to the committee receiving the funds. Contributions received by a state level Candidate Committee during a previous election cycle are not subject to this restriction and may be transferred by lump sum. Assets or funds acquired by a local committee prior to March 31, 1997 (when contribution limits were imposed on local elective offices) may not be transferred to a new committee.

For funds raised after the last General Election, LIFO (Last-In-First-Out) or another generally acceptable accounting method may be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each contributor must be counted towards that person's limit on contributions to the new Candidate Committee.

The following examples illustrate the application of LIFO to funds transferred from the Candidate Committee of a term-limited officeholder to a committee the officeholder has formed to run for a new office. In each example, the transferring committee is the Candidate Committee of a term limited State Representative. However, the same principle would apply to any officeholder who is barred from seeking reelection; who receives contributions during their final term of office; and who transfers those funds to a Candidate Committee formed to run for a different state or local office.

Examples

A State Representative's existing Candidate Committee is subject to contribution limits of \$500 for contributions from individuals and Political Committees and \$5,000 for contributions from Independent Committees and Political Party Committees. The Candidate Committee has accepted the following contributions during the election cycle that began on November 6, 1998:

Contributor	Date of Contribution	Amount of Contribution
Andy Andrews	Dec 17, 1998	\$500
David Davidson	Feb 10, 1999	\$250
ABC Committee	Apr 15, 1999	\$2,500
Good Government PAC	Apr 15, 1999	\$3,000
Janet Johnson	Apr 15, 1999	\$250
Sally Smith	May 25, 1999	\$500
Greg Gardner	Jun 23, 1999	\$500
County Political Party	Jun 18, 1999	\$5,000
Lakeshore PAC	Jul 11, 1999	\$4,000

Scenario I (Itemization Required)

A State Representative has formed a new Candidate Committee to run for a city office. The contribution limits for the city office are equivalent to those of the existing State Representative Candidate Committee: \$500 for contributions from individuals and Political Committees and \$5,000 for contributions from Independent Committees and Political Party Committees.

On July 15, 1999, the State Representative transfers \$10,000 from the existing committee to the newly formed Candidate Committee for local office. The contributors of the transferred funds are identified through LIFO (Last-In-First Out) as Lakeshore PAC, County Political Party Committee, Greg Gardner and Sally Smith. Smith, Gardner and the Political Party Committee may not make additional contributions to the new Candidate Committee since they have reached their contribution limit. Lakeshore PAC may contribute an additional \$1,000 during the election cycle.

If FIFO (First-In-First-Out) is used to identify the contributors, the contributors would be Andy Andrew, David Davidson, ABC Committee, Good Government PAC, Janet Johnson, Sally Smith, Greg Gardner and the County Political Party. Andrews, Smith, Gardner and the Political Party may not make additional contributions to the new committee. Davidson and Johnson could each contribute an additional \$250.00. ABC Committee and Good Government PAC could make additional contributions to bring their totals to \$5,000.00 each.

Scenario II (No Itemization is Required)

A State Representative forms a new Candidate Committee to run for the State Senate. The contribution limits for the Senate office are \$1,000 for contributions from individuals and Political Committees and \$10,000 for contributions from Independent Committees and County Political Party Committees, twice as much as the State Representative's existing Candidate Committee.

On September 1, 1999, the State Representative transfers \$10,000 to the newly formed Senate Candidate Committee. The contributors of the transferred funds are identified through LIFO as Lakeshore PAC, County Political Party Committee, Greg Gardner and Sally Smith. Smith and Gardner may each contribute an additional \$500 to the Candidate Committee for State Senate.

The County Political Party committee may make an additional contribution of \$5,000. Lakeshore PAC may contribute an additional \$6,000.

The contributors identified using FIFO would be Andy Andrew, David Davidson, ABC Committee, Good Government PAC, Janet Johnson, Sally Smith, Greg Gardner and the County Political Party. Each could make additional contributions to bring the total for the individuals to \$1,000.00 each and to \$5,000 for the 2 PACs and the County Political Party.

Please note that assets purchased with funds of the pre-existing Candidate Committee, such as office furniture, equipment and supplies may also be transferred to the new committee on the same basis; that is, if the contribution limits for the Candidate Committee receiving the asset are equal to or greater than the contribution limits for the Candidate Committee transferring them, and if the Candidate Committees are simultaneously held by the same person.

If the officeholder's existing Candidate Committee is subject to contribution limits of \$1,000 or \$3,400 for contributions from individuals and Political Committees and \$10,000 or \$34,000 from Independent Committees and Political Party Committees, **no** funds or other assets may be transferred to the new committee if the new committee is subject to a lower contribution limit.

Reporting the Transfer or Other Disposition of Unexpended Funds

The transferring Candidate Committee will report the transfer of funds on Schedule 1B, Itemized Expenditures, of the Campaign Statement that covers the period when the transfer took place, indicating the name and address of the new committee receiving the transfer, a notation "transfer of unexpended funds", and the date and amount of the funds being transferred.

The recipient Candidate Committee must report the transferred funds on its Campaign Statement that covers the date of the transfer. If the funds that are transferred were raised after the last General Election, the name of the original contributors as designated using LIFO or some other acceptable accounting method, the amount from each person, and the date of the transfer as the date of the contribution must be reported on Schedule 1A, Itemized Contributions.

If the funds that are transferred were raised on or before the day of the last General Election, the recipient Candidate Committee reports the transferred amount as a lump sum on Schedule 1A-1, Itemized Other Receipts. The source is reported as the transferring committee, the type of receipt is indicated as "Other: transfer of unexpended funds" with the date and amount.

If the unexpended funds are being donated to other committees, charitable organizations or returned to individual contributors, the donation must be reported on Schedule 1B, Itemized Expenditures, of the Campaign Statement of the transferring committee that covers the period when the donations took place, indicating the name and address of the person or organization receiving the donation, the date and amount of the funds being donated. Each recipient committee will report receipt of the donation from the transferring committee on its Itemized Contribution Schedules.

The remaining value of any transferred assets should be reported as an in-kind expenditure on Schedule 1B-IK of the transferring committee's Campaign Statement covering the period of the

transfer, with the name and address of the recipient, the date of the transfer and the fair market value of the assets as the amount. The recipient committee would report the receipt of the transferred assets as an in-kind contribution on its Itemized Contribution Schedule as “Goods or Services donated” with the name and address of the transferring committee as the contributor, the description as “Transferred assets”, the date of the transfer and the fair market value of the assets as the amount.

Note: While the above information provides significant information regarding term-limited candidates, it by no means represents an answer or final position to every question that may arise. Individual cases will undoubtedly possess their own unique traits and while fair, proper and uniform application is always the objective, a case-by-case review and analysis may be required. Please contact the Bureau of Elections if you have specific questions.

DISSOLUTION OF CANDIDATE COMMITTEES

The Campaign Finance Act specifies when and under what conditions a Candidate Committee may be dissolved. A dissolved committee has no further filing obligations under the Act. A candidate is encouraged to dissolve his or her Candidate Committee as soon as the committee is eligible for dissolution.

- To be eligible for dissolution, a committee must have no assets or outstanding debts. An unpaid late filing fee is considered to be a committee debt and must be paid before the committee can be dissolved. An officeholder cannot dissolve his or her Candidate Committee until his or her term of office expires. An exception to this provision exists for officeholders who are not qualified to seek reelection. Further information on this exception can be obtained from the Department of State's Bureau of Elections in Lansing.
- If the committee has maintained a Reporting Waiver, it is dissolved by filing a Single-Page Dissolution Statement. On the Statement, the candidate and committee treasurer or designated record keeper verify that:
 - 1) the committee obtained a Reporting Waiver by checking Item 10 on its Statement of Organization or on an amendment to its Statement of Organization;
 - 2) did not receive or spend more than \$1,000.00 for any election after obtaining the Reporting Waiver;
 - 3) has no outstanding late filing fees or other debts; and
 - 4) has no remaining assets.
- If the committee does not have a Reporting Waiver, it is dissolved by filing a final Campaign Statement with supporting Schedules. A Dissolution Campaign Statement can be combined with a Post Election or Annual Campaign Statement required of the committee as long as the committee dissolves on or before the closing date of the Campaign Statement. A Dissolution Campaign Statement must open on the day after the closing date of the last Campaign Statement filed by the committee and close on the date of the committee's dissolution.

Disposition of Unexpended Funds

Section 45(1) of the Campaign Finance Act permits a candidate to transfer unexpended funds from a Candidate Committee that is being dissolved to another Candidate Committee held by the same person if the contribution limits for the recipient committee are the same or greater than the contribution limits for the transferring committee.

Unexpended funds in the Candidate Committee account that are not eligible for transfer to another Candidate Committee of the person must be disbursed in the following ways:

- a) Given to a Political Party Committee (state central, congressional district or county);
- b) Given to a tax-exempt charitable organization as long as the candidate does not become an officer or director of or receive compensation, either directly or indirectly, from that organization. (A committee that chooses to donate any of its remaining assets to a tax-exempt charity must provide verification of the disposition of the funds to their filing official. This verification can be in the form of a receipt or letter of acknowledgement on the charity's letterhead.);
- c) Returned to contributors of the funds;
- d) Given to a House Political Party Caucus Committee if the person was a candidate for the office of State Representative;
- e) Given to a Senate Political Party Caucus Committee if the person was a candidate for the office of State Senator;
- f) Given to an Independent Committee; or
- g) Given to a Ballot Question Committee.

Automatic Dissolution

- The filing official will automatically dissolve a committee with a Reporting Waiver that is maintained by an officeholder when the officeholder vacates office.
- The filing official, if the individual is defeated in the election, will automatically dissolve a committee with a Reporting Waiver that is maintained by an individual who seeks office.

A committee with a Reporting Waiver is not eligible for automatic dissolution if the committee received or spent over \$1,000.00 for the election or has outstanding assets or debts (includes late filing fees).

A committee that qualifies for automatic dissolution will not be dissolved if the candidate expresses a desire, in writing, to keep the committee active.

A Candidate Committee that has not been dissolved and does not have a Reporting Waiver must file an Annual Campaign Statement each year unless eligible for an Annual Campaign Statement filing exemption.

APPENDICIES FOR ALL COMMITTEES

http://www.michigan.gov/documents/APPENDICIES_FOR_ALL_CFR_MANUALS__84723_7.pdf

<p style="text-align: center;">Appendix A COMMITTEE TREASURER, DESIGNATED RECORD KEEPER AND DEPOSITORY</p>

COMMITTEE TREASURER

- The treasurer must be a qualified elector of Michigan.*
- The treasurer assumes legal responsibility for the committee.
- The treasurer is responsible for keeping the committee's accounts, records, bills, and receipts and must authorize all contributions received and expenditures made by the committee.
- The treasurer is responsible for the timely filing of Campaign Statements.
- The treasurer is responsible for responding in writing to all Notices of Error or Omission sent to the committee, and for timely payment of all late filing fees assessed the committee.
- The treasurer must sign the original and all amendments to the committee's Statement of Organization.
- The candidate of a candidate committee, other than a judicial candidate, may serve as treasurer.

*The treasurer of a PAC or Ballot Question must be a qualified elector of Michigan if the committee conducts business through an office or facility located in Michigan. A committee that wishes to have a treasurer who is not a Michigan resident is required to complete the "irrevocable written stipulation" on the Statement of Organization.

COMMITTEE RECORDKEEPER

- A committee may designate someone other than the committee treasurer as the person responsible for the committee's records and filings; commonly called the committee's "designated record keeper."
- Any person can serve as the committee's designated record keeper.
- A designated record keeper shares legal responsibility for the committee with the treasurer.
- A designated record keeper may sign the committee's Campaign Statements in place of the committee treasurer.
- A designated record keeper does **not** have the authority to sign the committee's Statement of Organization or any amended Statement of Organization filed by the committee except for providing the signature for electronic filing purposes.
- The candidate of a candidate committee, other than a judicial candidate, may serve as the record keeper.

COMMITTEE DEPOSITORY

- The committee's official depository must be a bank, savings and loan association or credit union located in Michigan.*
- All contributions received by a Committee must be deposited into the committee's "official depository" as identified on the committee's Statement of Organization.
- Funds in the committee's official depository can be transferred to an account in a Michigan bank, savings and loan, or credit union in order to earn interest. Such an account would be a "secondary depository" and must be identified on the committee's Statement of Organization if it is in a different financial institution than the official depository. The funds may be placed into a savings or share account or a certificate of deposit and must be transferred back to the official account before being spent.
- Committee funds may not be used to purchase commodities, stocks, bonds, mutual funds, or land contracts; or placed in money market accounts or in any type of brokerage account unless the firm is chartered as a bank.

*The committee's depository must be a bank, savings and loan association or credit union located in Michigan if the committee conducts business through an office or facility located in Michigan.

<p style="text-align: center;">Appendix B FILING INFORMATION</p>

NUMBER OF CAMPAIGN STATEMENTS REQUIRED

The number of Campaign Statements required varies with each filing official. Please consult your filing official on the appropriate number of Campaign Statements required with each filing.

ENSURING TIMELY FILINGS

- Electronic filings must be transmitted and received by the Bureau of Elections before 5:00 p.m. on the due date.
- Paper filings and diskettes that are hand delivered or sent by first class mail must reach the Bureau of Elections before 5:00 p.m. on the due date. (The postmarked date is not used in this instance to determine the timeliness of the filing.) Committees must be sure to allow adequate mailing time when sending a filing by first class mail.
- A Statement of Organization, Annual Campaign Statement or a Post-Campaign Statement, a January 31 Triannual Campaign Statement, a January 31 Quarterly Caucus Committee Campaign Statement, an April 25 Triannual Campaign Statement or an April 25 Quarterly Caucus Committee Campaign Statement that is sent by *registered mail, certified mail or an overnight delivery service and postmarked **on or before** the filing deadline* will be accepted as a timely filing regardless of when it is delivered.
- A Pre-Election Campaign Statement, a July 25 Triannual Campaign Statement, a July 25 Quarterly Caucus Committee Campaign Statement, an October 25 Triannual Campaign Statement or an October 25 Quarterly Caucus Committee Campaign Statement that is sent by registered mail, certified mail or an overnight delivery service and postmarked **two or more days** before the filing deadline will be accepted as a timely filing regardless of when it is delivered.

REQUIREMENTS FOR ACCEPTABLE FILINGS

Paper Filings:

- A Campaign Statement, filed on paper, may not be accepted if it is illegible, does not bear a proper signature, is printed on paper that is not the proper size, or is not filed on paper forms provided by the Department of State or forms previously approved in writing by the department's Bureau of Elections. Please contact the Bureau of Elections for information and written approval of substitute forms before using them for a filing.
- A Campaign Statement, filed on paper, must be complete and accurate, and verified as such by the committee treasurer or designated record keeper. The Campaign Statement must be signed by the committee treasurer or designated record keeper. The designated record keeper may sign the statement in place of the committee treasurer.

Electronic Filings:

- Campaign Statements may be filed electronically using MERTS software or other privately purchased software that meets the file layout and format requirements of the Secretary of State. By using the MERTS software, a committee may file Campaign Statements over the Internet or by computer disk.
- Electronic filings must meet all specifications of the Department of State and must be filed in compliance with instructions provided by the Department. Please contact the Bureau of Elections for specifications and software format for electronic filing.
- The committee may obtain the MERTS filing software from the Bureau of Elections, free of charge, upon completion of a MERTS training class by the committee treasurer, designated record keeper or other person designated by the committee.
- The committee must have appropriate signatures on file and passwords issued before filing electronically with the Bureau of Elections.

<p style="text-align: center;">Appendix C THE REPORTING WAIVER</p>

A Political Party Committee or Political or Independent Committee (PAC) that does not expect to receive or spend more than \$1,000.00 in a calendar year is eligible for a Reporting Waiver. **A Candidate Committee or Ballot Question Committee** that does not expect to receive or spend more than \$1,000.00 in an election is eligible for a Reporting Waiver. A committee that qualifies for, and receives, a Reporting Waiver is exempt from filing detailed Campaign Statements until it exceeds \$1,000.00 in receipts, expenditures or debt.

ELIGIBILITY FOR THE WAIVER : To become eligible for a reporting waiver, the committee must check Item 10 on its Statement of Organization. This tells the filing official that the committee does not expect to receive or spend more than \$1,000.00 in the calendar year or election as is applicable. The committee can check Item 10 on its original Statement of Organization or on an amended Statement of Organization. *A committee that does not check Item 10 on its Statement of Organization is not eligible for a Reporting Waiver.* This means that the committee must file all required Campaign Statements regardless of the amount spent or received. *A committee cannot amend its Statement of Organization to exempt itself from Campaign Statements that are past due.*

WHAT COUNTS AGAINST THE \$1,000.00 THRESHOLD?: Direct contributions, in-kind contributions, membership dues, expenditures and outstanding debt count toward the \$1,000.00 threshold. Funds left over in the committee's account at the end of the calendar year or election counts toward the "amount received" for the next calendar year or election.

LOSS OF THE WAIVER: The committee automatically loses its reporting waiver if it exceeds \$1,000.00 in receipts, expenditures or debt. If the Reporting Waiver is lost, the committee must file the next required Campaign Statement and all subsequent Statements until the Reporting Waiver is regained. The first Campaign Statement filed after the loss of a Reporting Waiver must begin with the day after the closing date of the last Campaign Statement that was waived. If the committee loses the Reporting Waiver and has never filed a Campaign Statement, the first Campaign Statement must begin with January 1 of the year in which the Reporting Waiver was lost. A committee that loses the Reporting Waiver is not required to amend its Statement of Organization to un-check Item 10. The filing official will change its records to show that the committee no longer has a Reporting Waiver when the committee files a Campaign Statement that shows that the committee has exceeded \$1,000.00 in receipts, expenditures or debt.

REGAINING THE REPORTING WAIVER: If, after filing the required Campaign Statement(s) the committee wishes to obtain another Reporting Waiver, it must amend its Statement of Organization (checking Item 10) to indicate to the filing official that the committee does not expect to receive or spend more than \$1,000.00 in the next calendar year or election. To regain the Reporting Waiver, the balance in the committee's account must be \$1,000.00 or less and the committee must have less than \$1,000.01 in debts. A late filing fee assessed a committee is a debt until paid. If a committee that loses its Reporting Waiver does not amend its Statement of Organization to obtain a new Reporting Waiver, the committee must file all required Campaign Statements regardless of the amount received or spent.

A COMMITTEE THAT HAS A REPORTING WAIVER IS NOT EXEMPT FROM KEEPING COMPLETE RECORDS OF THE COMMITTEE'S FINANCIAL ACTIVITY OR FROM FILING LATE CONTRIBUTION REPORTS.

<p style="text-align: center;">Appendix D ELECTRONIC FILING OF CAMPAIGN STATEMENTS STATE LEVEL COMMITTEES ONLY</p>

PA 238 of 1999 requires committees registered under Michigan's Campaign Finance Act on the state level (i.e., registered with the Michigan Department of State's Bureau of Elections) to file their campaign finance reports electronically if the committee 1.) spent or received \$20,000.00 in the preceding calendar year, or 2.) expects to spend or receive \$20,000.00 in the current calendar year.

To assist you with the electronic disclosure requirement, a cost-free software program has been developed for use by your committee. Details concerning the software program are provided below. All committees that file with the Bureau of Elections are encouraged to file electronically even if the committee does not expect to meet the \$20,000.00 receipt/expenditure threshold explained above.

MERTS PLUS SOFTWARE REGISTRATION

The software developed by the State, commonly called Merts Plus (Michigan Electronic Reporting and Tracking System), is available to you free of charge. The software program includes a variety of features to assist with your campaign finance disclosure obligations:

- Permits submission of filings via the Internet or disk.
- Incorporates specially designed user-friendly data entry screens.
- Permits import and export of names and simple receipt and expenditure records.
- Includes an error detection message that informs the filer of missing information, excess contributions and other potential errors.
- Creates amendments that can be filed electronically.
- Provides a timed, automatic prompt for saving data.
- Provides immediate on screen notification confirming the receipt of the electronic filing when filed via the Internet.

To register for the software, simply fill out and file an original or amended Statement of Organization form that includes the electronic filing certified statement. Please take special care in filling out the *Electronic Filing* section and obtaining all of the applicable signatures.

Treasurers or designated record keepers that are responsible for several committees must submit a separate Electronic Filing registration for each committee; a single Electronic Filing registration *cannot* be used for multiple committees.

Current Merts Plus Users

If you are a current user of the software, please ensure that the signatures and verification statement on file for the committee are up-to-date.

Software Training

Committee members can take an on-line training course or can sign up for Merts Plus training in Lansing.

- To sign up for training, log on to www.mertsplus.com and click on “Training Sign-up” on the left hand side of the page. Training consists of a Power Point presentation given in Lansing that averages two hours.
- To take the on-line training, log onto www.mertsplus.com and click on the “ONLINE Training Sessions” on the left hand side of the page. Training consists of a Power Point presentation that average one-hour and a simple quiz. After completing the training, committees are given an opportunity to download the software and obtain a password to file via the Internet.

The software is not distributed to a committee unless and until a committee representative has completed the Merts Plus training.

If you do not have access to the Internet, you can sign up for training by contacting the Bureau of Elections at 517-373-2540.

After completing the training, Merts Plus Help Desk staff will be able to assist with any questions you may have. Phone: 703-749-4642. Questions can also be submitted via email through www.mertsplus.com.

Password to File Via the Internet

Committees that wish to file via the Internet are issued a password. After you have been trained, you can request a password via www.mertsplus.com. Simply click on “Password Assignment” on the left hand side of the page. Once the password has been issued, it does not expire and can be used for all of the Committee filings. Each committee wishing to file via the Internet must have its own password.

Requirements

You are encouraged to register and receive training as soon as possible. Once a committee meets the requirement to file electronically, all Campaign Statements from that point forward must be filed electronically. Late filing fees will be assessed for a report subject to the electronic filing requirement that is filed by some other means.

<p style="text-align: center;">Appendix E LATE FILING FEE WAIVERS AND HEARINGS</p>

LATE FILING FEE WAIVERS

The Department of State and the county clerks throughout the state have the authority to waive a late filing fee for reasons of incapacitating physical illness, hospitalization, accident involvement, death, incapacitation for medical reasons or other unique, unintentional factors beyond the filer's control not stemming from a negligent act or non-action. A request for a late filing fee waiver must be accompanied by documentation that supports the reason for the request. A filing official does **not** have the authority to waive a late filing fee for any of the following reasons:

- not receiving notice of the filing requirements;
- not being in town or picking up the mail;
- not being aware of the filing requirements;
- not knowing where to get forms; or
- sending the filing to the wrong office.

For further information on the provisions of the Campaign Finance Act that govern late filing fee waivers, contact the Michigan Department of State, Bureau of Elections, P.O. Box 20126, Lansing, Michigan 48901. Phone: (517) 373-2540.

LATE FILING FEE HEARINGS

The Campaign Finance Act holds treasurers and designated record keepers and candidates equally and severally liable for late filing fees. The Department of Treasury may take collection actions against the personal financial holdings of these individuals to bring the late filing fee account balance to zero. Collection actions by the Department of Treasury could include levy on wages, set-off against state income tax refunds or any other means at the Department of Treasury's disposal. Committees are urged to promptly pay late filing fees to avoid collection by the Department of Treasury, State Agency Collections Division.

Before a late filing fee is referred for collection, the committee will be notified of their right to request a hearing to contest the validity of any late filing fee. You must request a hearing in writing within 14 days after being notified of your right to request such hearing. If you request a hearing, it will be held in Lansing before a hearing officer authorized to decide whether the late filing fees were properly assessed, whether the waiver portions of the law apply, and related matters. Failure to request a hearing waives any rights you may have to a hearing.

A written request for a hearing must be sent to:

Michigan Department of State
Legal and Regulatory Services Administration
Treasury Building – 4th Floor
430 West Allegan Street
Lansing, MI 48918
Telephone: (517) 241-3463

Please note that if the debt is uncontested or if a ruling is entered at the hearing that the late filing fees are due, the committee's account will be assigned to the Michigan Department of Treasury for collection. When Treasury receives the account, the Michigan income tax refund of the committee treasurer, the designated record keeper and/or the candidate may be applied to this debt. Treasury may also levy on salary and wages or seize any money or other assets held by these individuals in order to collect on this debt.

To pay an unpaid late filing fee, send the remittance made payable to "State of Michigan" to:

Michigan Department of State
Bureau of Elections
P.O. Box 20126
Lansing, Michigan 48901

Write the committee's Campaign Finance Identification Number on the check or money order that is submitted for payment.

<p style="text-align: center;">Appendix F LATE CONTRIBUTION REPORTS</p>

The treasurer or designated record keeper of a Committee must report all “late contributions” received by the committee. A late contribution is any single contribution of \$200.00 or more received between the 15th and the 3rd day before the date of any election in which the committee participates.

- The filing official must receive a Late Contribution Report within 48 hours after the committee’s receipt of the contribution. The receipt date is not the date the check or other written instrument was written or the date the contribution was deposited into the committee’s bank account. A contribution is *received by a committee* on the date that the monetary funds, written instrument, or in-kind contribution of goods from the contributor have come into the *physical possession of the committee treasurer, designated record keeper or other person acting as an agent of the committee*.
- For purposes of reporting the receipt of a late contribution of an in-kind contribution of services, the in-kind contribution is considered to be *received by the committee on the date the committee treasurer, designated record keeper or other person acting as an agent of the committee receives verbal or written notice from the contributor that the contribution has, in fact, been made*.
- In addition to this Report, a late contribution must be included on the next Campaign Statement filed by the recipient committee. **A Reporting Waiver does not exempt a committee from filing Late Contribution Reports.**
- A Late Contribution Report must contain the date and amount of the contribution along with the contributor’s name, street address, occupation, employer’s name and principal place of business. The report is not made on Campaign Statement forms and may be made by fax, telegram or any other means of written communication. The fax number for the Bureau of Elections is (517) 241-4785. There is no Late Contribution Report form and the Report need not contain a signature and **may be filed on letterhead stationery or plain paper.**

Appendix G COMMITTEE TYPES

Candidate Committee is the committee designated in a candidate's filed Statement of Organization as that individual's Candidate Committee. A Candidate Committee is under the direction and control of the candidate. All money received or spent by a Candidate Committee is to be spent to further the nomination or election of that candidate or to pay expenses incidental to holding the elective office if the candidate is an officeholder. A Candidate Committee may not accept contributions from the treasury funds of a corporation, joint stock company, labor organization, domestic dependent sovereign, from a person holding an interest in one of the three casinos located in Detroit or from foreign nationals.

Political Committee (PAC) is formed to support one or more candidates and may also support or oppose ballot questions. A Political Committee may not accept contributions from the treasury funds of a corporation, joint stock company, labor organization, domestic dependent sovereign or from a person holding an interest in one of the three casinos located in Detroit. A Political Committee must observe the same contribution limits as an individual when making contributions to, or expenditures in support of, or in opposition to, the nomination or election of a candidate.

Two or more individuals acting together that receive or spend \$500.00 or more in a calendar year to influence voters must register as a Political Committee or as an Independent Committee (see below). Two or more individuals acting together that receive or spend \$500.00 or more in a calendar year to influence voters for or against the recall of a public official are required to register as a Political Committee.

Independent Committee (PAC) is formed to support one or more candidates and may also support or oppose ballot questions. An Independent Committee also may not accept contributions from the treasury funds of a corporation, joint stock company, labor organization, domestic dependent sovereign, from a person holding an interest in one of the three casinos located in Detroit or from foreign nationals.

An Independent Committee that meets the following three criteria may give a candidate for elective office ten times the amount a Political Committee or an individual is permitted to give the candidate.

1. registers as an Independent Committee at least six months before the election for which it expects to make expenditures at the maximum contribution limits in support of, or in opposition to, a candidate for nomination or election to an elective office;
2. receives contributions from at least 25 persons; and
3. in the same calendar year that the 25 contributions are received, expends funds to support or oppose three candidates for elective office. These three expenditures must not exceed the contribution limits applicable to an individual or a Political Committee. An Independent Committee must adhere to contribution limits applicable to a Political Committee until the committee meets all of the criteria listed above.

Please note: A committee that changes from a Political Committee to an Independent Committee must meet all criteria for an Independent Committee after filing the Amended Statement of Organization to make the change in committee type.

Corporations, labor organizations and Indian tribes that wish to make expenditures in candidate elections in Michigan may make expenditures for the establishment, administration and solicitation of contributions to a separate segregated fund to be used for political purposes. When the separate segregated fund has received or spent a total of \$500.00 in a calendar year to influence voters for or against the nomination or election of a state or local candidate in Michigan, or the qualification, passage

or defeat of a ballot question in Michigan, the fund has met the definition of “committee.” The “committee” must then file a Statement of Organization to register as a Political or Independent Committee within 10 calendar days after reaching the \$500.00 threshold.

Note: Political Committees and Independent Committees are commonly called “PACs”. A Political Party Committee is NOT a PAC.

Caucus Committee (PAC) is a “house political party committee” is an Independent Committee established by a political party caucus of the Michigan House of Representatives. A “senate political party committee” is an Independent Committee established by a political party caucus of the Michigan Senate. As of the writing of this manual, there are four caucus committees. Each major political party in the legislature may have one caucus committee in the Michigan House of Representatives and one caucus committee in the Michigan Senate.

Note: Independent Committees and Political Committees are both commonly referred to as “PACs” or Political Action Committees. Other names and labels are often applied to these types of committees, although the terms are not found in the Campaign Finance Act; e.g. Leadership PAC, Legislative PAC, Leadership Fund, Victory Fund, Majority Fund, Minority Fund, etc. All are either Political Committees or Independent Committees and must follow all the requirements of the Campaign Finance Act that are applicable to other Independent or Political Committees.

Ballot Question Committee is a committee that receives contributions and makes expenditures in support of, or in opposition to, the qualification, passage or defeat of a ballot question.

- A Ballot Question Committee is prohibited from making contributions or expenditures to influence the nomination or election of a candidate.
- A Ballot Question Committee is permitted to accept contributions from the treasury funds of a corporation, joint stock company, labor organization, domestic dependent sovereign or from a person holding an interest in one of the three casinos located in Detroit but may not accept money from foreign nationals.

Political Party Committee is a committee formed by a state central, congressional district, or county committee of a political party. Each state central committee designates one official county political party committee in each county, and one official congressional district political party committee in each congressional district. All Political Party committees file with the Bureau of Elections.

Appendix H
PUBLIC BODIES

(Use of Public Facilities, Fund, etc. Prohibited)

Section 57 of the Michigan Campaign Finance Act provides that a public body or an individual acting for a public body shall not use or authorize the use of funds, personnel, office space, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services to further the nomination or election of a candidate or the qualification, passage or defeat of a ballot question.

The prohibition does not apply to any of the following:

- The expression of views by an elected or appointed public official who has policy-making responsibilities.
- The production or dissemination of factual information concerning issues relevant to the function of the public body.
- The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.
- The use of a public facility owned or leased by or on behalf of a public body if any candidate or committee has an equal opportunity to use the public facility.
- The use of a public facility owned or leased by or on behalf of a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund raising event.
- An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.

A public body is defined in the Act as one or more of the following:

- (a) A state agency, department, division, bureau, board, commission, council, authority, or other body in the executive branch of state government.
- (b) The legislature or an agency, board, commission or council in the legislative branch of state government.
- (c) A county, city, township, village, intercounty, intercity, or regional board; a council, school district, special district, or municipal corporation; or a board, department, commission, or council or an agency of a board, department, commission, or council.
- (d) Any other body that is created by state or local authority or is primarily funded by or through state or local authority, which body exercises governmental or proprietary authority or performs a government or proprietary function.

A person who knowingly violates this section of the Act is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 1 year, or both, or if the person is not an individual, by one of the following, whichever is greater:

- (a) A fine of not more than \$20,000.00.
- (b) A fine equal to the amount of the improper contribution or expenditure.

<p style="text-align: center;">Appendix I IDENTIFICATION REQUIREMENTS</p>

The Act requires all paid advertisements having reference to an election, a candidate or a ballot question to contain an identification statement and, if applicable, a disclaimer statement. *An individual other than a candidate is not subject to this provision if the individual is acting independently and not acting as an agent for a candidate or any committee.* The identification must be clear to the reader or listener and worded as follows:

- All printed matter having reference to a candidate, election or a ballot question, including yard signs, brochures, billboards, poll cards, fund raiser tickets, stationery, etc., must contain: “Paid for by” followed by the full name of the person or committee paying for the material and the person’s or committee’s street number or post office box, city or town, state and zip code.
- If the printed matter is an independent expenditure relating to a candidate that is not authorized in writing by the candidate, the printed matter must contain: “Paid for by (name and address of person, group or committee paying for the matter). Not authorized by any Candidate Committee.”
- The identification or disclaimer on printed material having reference to a candidate, or a ballot question must be in a place and in a print clearly visible to and readable by an observer. Any other medium used for campaign purposes shall clearly and unequivocally include the identification or disclaimer, or both.
- All paid political advertisements broadcast by television or radio having reference to a candidate election or ballot question shall identify the sponsoring person as required by the Federal Communications Commission, shall bear the name of the person paying for the advertisement, and shall be in compliance with the following:
 - (a) If the radio or television paid advertisement relates to a candidate and is an independent expenditure, the advertisement shall contain the following disclaimer:

“Not authorized by any candidate”
 - (b) If the radio or television paid advertisement relates to a candidate and is not an independent expenditure but is paid for by a person other than the candidate to which it is related, the advertisement shall contain the following disclaimer:

“Authorized by”
(Name of candidate or name of Candidate Committee)
- Except for a Candidate Committee’s printed matter or radio or television paid advertisement, each identification or disclaimer must also indicate that the printed matter or radio or television paid advertisement is paid for “with regulated funds”.

The identification requirements of the Act do not apply to videotapes produced by political candidates and cable cast on a public access channel if use of the public access video taping equipment and the public access time is free. The identification requirements only apply to paid political advertisements.

EXEMPTIONS

Certain items are exempt from the identification or disclaimer requirement due their size or difficulty of placement. Following is a listing of the exempted items:

aerial banners	ashtrays
badges & badge holders	balloons
bingo chips	bumper stickers (4" x 15" or smaller)
brushes	candy wrappers (1 ½" x 2 ½" or smaller)
buttons	cigarette lighters
campaign stickers (3" x 1 ½" or smaller)	clothing
clothes pins	coasters
cloth pot holders	cups
combs	earrings
drinking glasses	envelopes
emery boards	fortune cookie messages (1/2" x 2" or smaller)
erasers	glasses
frisbees	golf tees
golf balls	horns
hats	jar lid grippers (5" or smaller)
ice scrapers	knives
key rings	lapel pins/stickers
labels	matchbooks
magnifying glasses	nail files
nail clippers	paper & plastic cups
noisemakers	paper weights
paper & plastic plates	pennants
pencils	pens
pendants	plastic tableware
pinwheels	pot holders
pocket protectors	ribbons
refrigerator magnets	staple removers
shoe horns	sun visors
sun glasses	swizzle sticks
sweatshirts	t-shirts
whistles	wooden nickels (approx. size of 5-cent coin)
wooden rulers (12" or smaller)	
yo-yo's	

Any item not included in this list is not exempt from the Act's identification and disclaimer requirements, and must contain an identification statement, and if applicable, a disclaimer statement.

Committee Address Change

A committee that has filed an amendment to its Statement of Organization to show a change of committee address is not required to note the change of address on printed matter it previously purchased as long as the printed matter contains an identification statement that was correct at the time the printed matter was produced.

<p style="text-align: center;">Appendix J ELECTION PARTICIPATION BY OUT-OF-STATE GROUPS</p>

Receipt of Out-Of-State Contributions: A committee registered under the Michigan Campaign Finance Act may accept contributions from out-of-state contributors. A statement must be included with any out-of-state contribution if the contributor is not an individual and the contributing group is not registered as a committee under the Act. The statement must include the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds provided by a corporation, joint stock company, labor organization, domestic dependent sovereign or any other source prohibited in Michigan. An officer of the contributing group or other contributing person must certify that the statement is true and correct.

A committee registered under the Act may not accept a contribution from an out-of-state group unless the statement is submitted with the contribution. Information from the statement must be included in the next Campaign Statement owed by the recipient committee.

Out-of-State Groups Covered by Campaign Finance Act: Michigan's Campaign Finance Act requires a group operating out-of-state to form and register a Michigan committee within 10 calendar days after it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan. Contributions that apply toward the \$500.00 threshold include contributions to Candidate Committees as well as any contributions made to Independent, Political, Political Party and Ballot Question Committees.

To register, the committee must file a Statement of Organization form. After registering, the committee must file periodic Campaign Statements as required to disclose its political activity. A Political Party Committee that receives a contribution from an out-of-state group or organization is urged to advise them of the registration and reporting requirements of the Act.

Out-of-State Treasurer, Depository, and Office: The Michigan Campaign Finance Act (MCFA) allows an out-of-state committee to have a treasurer who does not reside in Michigan and a depository that is not located in Michigan if the committee does not conduct business through an office or facility located in Michigan. An out-of-state committee that has a treasurer who is not a Michigan resident must complete the "irrevocable written stipulation" on its Statement of Organization. The stipulation must agree that 1) any legal process affecting the committee which is served on the Secretary of State or an agent designated by the Secretary of State will have the same effect as if personally served on the committee and 2) that the appointment will remain in force as long as any liability of the committee remains outstanding in Michigan. The committee treasurer must sign the statement.

Itemization of Contribution and Expenditures: A Political Action Committee (PAC) registered under Michigan's Campaign Finance Act may not receive lump sum fund transfers from a "parent" committee registered under federal law or the laws of any other state. It may, however, receive itemized contributions. A Michigan PAC is commonly referred to as an "affiliate PAC" if it receives fund transfers from a "parent" committee registered under federal law or the laws of another state.

Itemized fund transfers received by an affiliate PAC from a parent committee may be disclosed under the Campaign Finance Act through the "Last-In-First-Out" (LIFO) accounting method or any other reasonable accounting method. Under the LIFO accounting method, the amount transferred is attributed to the most recent contributors to the account from which the funds were drawn. Persons designated as contributors of funds transferred into the affiliate PAC's depository need not reside in or be located in Michigan. However, they must be eligible under Michigan Law to contribute to the affiliate.

An out-of-state PAC that registers in Michigan and qualifies to keep its funds in an out-of-state depository is not required to have a separate account from which to make expenditures in Michigan. Expenditures to Michigan candidates, PACs, Political Party Committees or Ballot Question Committees may be made directly from the committee's out-of-state account and reported through the LIFO accounting method or any other reasonable accounting method. The campaign statement filed by the committee would itemize on the Receipts Schedule only the receipts (based on LIFO or any other reasonable accounting method) making up the expenditures made in assistance of, or in opposition to, Michigan candidates, committees, and ballot issues. The Expenditure Schedule would itemize only the expenditures made in assistance of, or in opposition to, the nomination or election of Michigan candidates, or the qualification, passage, or defeat of a Michigan ballot question. Therefore, the total amount of contributions reported on the Receipts Schedule will equal the total amount of expenditures reported on the Expenditure Schedule, and the Summary Page will reflect a zero ending balance.

Contributions received by a MCFA committee must conform with the requirements of Section 55 (6). Therefore, an out-of-state PAC or a federal PAC that collects automatic contributions, including through payroll deduction, must comply with the annual affirmative consent requirement for those funds that are used to make expenditures to support or oppose state and local candidates or ballot questions in Michigan. Contributions from individuals who have not provided annual affirmative consent may not be used.

Certification for Contributions Received on an Automatic Basis: A Candidate Committee, Political Party Committee, Independent or Political Committee shall not accept a contribution from an out-of-state committee which receives contributions on an automatic basis, including, but not limited to a payroll deduction plan, unless the contribution is accompanied by a statement certified as true and correct by an officer of the contributing person, with language to the effect that all contributions received on an automatic basis are in full compliance with Section 55. The certified statement must be provided to the recipient committee along with the contribution. The treasurer of the recipient committee must retain the certified statement in the committee's records.

The statement is not required if the out-of-state group making the contribution is registered as a committee under the Michigan Campaign Finance Act.

Appendix K
INDEPENDENT CONTRACTORS
Media Buyers and Other Vendors Purchasing Goods for the Committee

A Committee that contracts with an agent or an independent contractor to make expenditures on its behalf must disclose the expenditures made to and by the agent or independent contractor as detailed below.

- Agents and independent contractors typically employed by committees are: political consultants; public relations consultants; political consulting firms; public relation firms; media buyers; advertising agencies; and marketing firms.
- Services typically provided to Committees by agents and independent contractors are: purchasing radio and television time; producing radio and television spots; producing or purchasing still photographs; producing or purchasing printed materials; producing or purchasing buttons, hats, bumper stickers, and other campaign materials; conducting polls and surveys; purchasing mail lists; conducting direct mail activities; and employing temporary help.

Expenditures by Committee to An Agent or Independent Contractor

The total of each expenditure made by a Committee to an agent or independent contractor must be reported on the Itemized Expenditures Schedule of the campaign statement that covers the reporting period in which the expenditure was made.

Expenditures Made by An Agent or Independent Contractor on Behalf of Committee

In addition to the above, any expenditure made by an agent or independent contractor on behalf of a Committee must be disclosed with the campaign statement that covers the reporting period in which the expenditure was made if:

- 1) the expenditure is one that the committee would have made itself, or
- 2) the expenditure was made to a subcontractor supplying services to the agent or independent contractor.

To enable committees to meet this disclosure requirement, the Campaign Finance Act, MCL 169.243, requires agents and independent contractors working for a committee to provide the committee with a listing of the expenditures made on the committee's behalf. Agents and subcontractors are **not** required to provide an accounting of funds received from a committee that are taken as a profit or used to meet normal operating expenses. Expenditure listings supplied to a committee by an agent or independent contractor must list the name and address of each individual or business that received more than \$50.00 through a single expenditure or through a series of expenditures made by the agent or independent contractor during the campaign statement reporting period, the purpose and amount of each expenditure, and the date each expenditure was made. Single or cumulative expenditures of \$50.00 or less made by an agent or independent contractor to an individual or business during the campaign statement reporting period can be shown as a lump sum.

If the independent contractor sub-contracts the work to another person, itemization is also required from the sub-contractor to report the names and addresses, dates and amounts for expenditures made by the sub-contractor on behalf of the Committee.

<p style="text-align: center;">Appendix L DECLARATORY RULINGS AND INTERPRETIVE STATEMENTS</p>

The Department of State responds to questions regarding the application of the Act by two methods:

- The most formal procedure is a Declaratory Ruling. A Declaratory Ruling is issued when a request for a Ruling concerns a specific, factual situation. A person who will be directly affected by the Ruling must make the request. The Ruling is binding on the Secretary of State and on the person requesting the Ruling unless modified or set aside by a court. A person requesting a Declaratory Ruling should:
 1. State that a Declaratory Ruling is being requested.
 2. Indicate the specific, existing set of facts involved.
 3. Cite, if known, the legal authority upon which the request is based.
- Less formal than a Declaratory Ruling is an Interpretive Statement. An Interpretive Statement is issued when a request for a Declaratory Ruling is not specific enough to warrant a Ruling or when a request concerns a hypothetical situation. Interpretive Statements are also issued when a request for information is received which is significant for the general public but does not come in the form required for a Declaratory Ruling. An Interpretive Statement does not have the force and effect of law and is merely explanatory. A person requesting an Interpretive Statement should state the question as specifically and clearly as possible.

The Campaign Finance Act requires that the Department of State observe the following timetable when a proper request for a Declaratory Ruling is received:

1. The Declaratory Ruling request is made available for public inspection within 48 hours after its receipt.
2. Written comments on the Declaratory Ruling request are accepted from interested parties up to 10 business days after the request is received.
3. A proposed response to the Declaratory Ruling request is made available for public inspection within 45 business days after the request is received.
4. Written comments on the proposed response to the Declaratory Ruling request are accepted from interested parties up to 5 business days after the proposed response is made available to the public.
5. The Declaratory Ruling is issued within 60 business days after the request for the ruling is received.

Under extenuating circumstances, the Department of State may extend the above timetable for 30 business days. A person who requests a Declaratory Ruling has the authority to waive the 60-day timetable.

Mail all requests for Declaratory Rulings and Interpretive Statements to:

Michigan Department of State
Legal and Regulatory Services Administration
Treasury Building – 4th Floor
430 West Allegan Street
Lansing, MI 48918
Telephone: (517) 241-3463

<p style="text-align: center;">Appendix M COMPLAINT PROCESS</p>

If you believe someone has violated the Michigan Campaign Finance Act (MCFA) you may file a written complaint with the Department of State. The complaint must include all of the following:

- Your name, address and telephone number.
- The alleged violator's name and address.
- A description in reasonable detail of the alleged violation, including the section or sections of the MCFA you believe were violated, an explanation of how you believe the MCFA was violated, and any other pertinent information.
- Evidence that supports your allegations.
- A certification that:
To the best of your knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of the complaint is supported by evidence.
- However, in addition, if after a reasonable inquiry under the circumstances, you are unable to certify that certain specifically identified factual contentions of the complaint are supported by evidence, you may also certify that:
To the best of your knowledge, information, or belief, there are grounds to conclude that those specifically identified factual contentions are likely to be supported by evidence after a reasonable opportunity for further inquiry.
- Your signature immediately after the certification or certifications.

If you wish to have your complaint considered, it must include all of the above information. The Department may dismiss your complaint if any item is not included, or if the complaint is determined to be frivolous, illegible, or indefinite. If the complaint is dismissed, both you and the alleged violator will be notified.

A form for filing a complaint may be obtained from the Bureau of Elections or on the Department's web site at <http://www.michigan.gov/sos/> and click on Elections in Michigan and then Publications and Forms.

The completed form should be sent to the following address:

Michigan Department of State
Legal and Regulatory Services Administration
Treasury Building – 4th Floor
430 West Allegan Street
Lansing, MI 48918
Telephone: (517) 241-3463

If your complaint meets the above requirements, the Department will notify the alleged violator that a complaint has been filed. The notification will include a copy of your complaint. The alleged violator will have an opportunity to file a response. You will have an opportunity to file a rebuttal to any response. You and the alleged violator will receive periodic reports about the actions taken by the Department concerning your complaint.

If the Department finds no reason to believe that your allegations are true, your complaint will be dismissed.

If the Department finds that there may be reason to believe your allegations are true, the Department must attempt to correct the violation or prevent further violations by informal methods such as a conference, conciliation, or persuasion, and may enter into a conciliation agreement with the alleged violator.

If the Department is unable to correct the violation or prevent further violations informally, an administrative hearing may be held to determine whether a civil violation of the MCFA has occurred, or the matter may be referred to the Attorney General for the enforcement of criminal penalties. An administrative hearing could result in the assessment of a civil penalty. Such a hearing would be conducted in accordance with the Michigan Administrative Procedures Act. An order issued as a result of such a hearing may be appealed to the appropriate circuit court.

WARNING: Section 15(8) of the MCFA (MCL 169.215) provides that a person who files a complaint with a false certification is responsible for a civil violation of the MCFA. Under section 15(14) of the MCFA (MCL 169.215), the Secretary of State may require a person who files a complaint with a false certification to:

- Pay the Department some or all of the expenses incurred by the Department as a direct result of the filing of the complaint.
- Pay the alleged violator some or all of the expenses, including, but not limited to, reasonable attorney fees, incurred by that person as a direct result of the filing of the complaint.
- Pay a civil fine of up to \$1,000.00.

<p style="text-align: center;">Appendix N REFERENCE INFORMATION</p>

ELECTRONIC FILING HELP DESK:

Merts Plus Helpdesk: 703-749-4642

Merts Plus Email: techsupport@nicusa.com

TAX QUESTIONS

Federal

For information on the following questions:

- Federal Withholding on Campaign Workers
- Independent Contractor Rules
- Federal filing and deposit requirements for payroll tax returns

To request assistance with preparation of a form, call **1-800- 829-1040**

Forms may be downloaded from the Internal Revenue Service website at <http://www.irs.ustreas.gov/> or call **1-800-829-3676** or visit the closest Internal Revenue Service Office.

- U.S. Income Tax Return for Certain Political Organizations
- Employer's Quarterly Federal Tax Return
- Employer's Annual Federal Unemployment Tax Return
- Wage and Tax Statement
- Request for a **Federal Employer Tax ID#**

State of Michigan

Michigan Department of Treasury **(517) 373-3190**. Questions regarding registration, filing, and deposit requirements for State of Michigan Income Tax Withholding for Campaign Workers

State Forms: 1-800-367-6263

- Concessionaire return (for one-time fund raising event) for remitting sales tax
- Sales, Use & Withholding Tax

OTHER QUESTIONS

- Michigan Department of Consumer and Industry Services **(517) 241-6470**. To determine if a potential contributor is registered as a corporation in Michigan. The information includes the name of the entity, date of formation, whether it has been dissolved, current resident agent and registered office, date of last annual report filed. http://www.cis.state.mi.us/bcs_corp/sr_corp.asp
- Michigan Bureau of State Lottery **(517) 335-5780**.
- Liquor Control Commission, Michigan Department of Consumer and Industry Services **(517) 322-1400**. To secure liquor license as well as information for fundraisers, receptions, events, etc. where alcohol may be served or sold. For information on posting campaign signs on buildings where alcohol is served or sold.